FEBRUARY 4, 1956

foreign trade

NADA

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CANADA

foreign trade

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cover Among the leading exports from the Far East to other Asian countries, Europe, or North America are sewing machines from Japan (top left), rice from Thailand (top right), palm oil from Indonesia (lower left), and lumber from the Philippines (lower right). For a look at business conditions and trade prospects in seven Far Eastern countries, see pages two to sixteen.

Business Conditions in the Far East

BURMA

Falling prices and smaller demand for rice, Burma's main export, resulted in large balance of payments deficit in 1954-55. This in turn made necessary suspension of open general import licences and revision of ambitious development program.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

"THE PROGRESSIVE FALL in the price of rice since 1953 has been the dominating factor in Burma's economy during 1954-55." This is the opening sentence of the chapter on Burma in the Colombo Plan fourth annual report published in November 1955. When one realizes that rice accounts for 80 per cent of Burma's foreign exchange earnings, it is easy to see how important world market prices are. The report continues: "Increasing expenditure on developmental activity combined with falling export earnings led to a substantial deficit in the balance of payments and this necessitated further restriction of imports and a general review of the development program."

Burma's main difficulties can be summarized as follows:

—Ravages of war and postwar insurgency.
—Slow recovery of production.
—Inevitable disruptions in administration following the change from colonial to independent political status.
—An ambitious development program based on inflated export earnings.
—A slump in the world rice market.
—Severe decline in foreign exchange reserves and earnings.
—Similar decline in government revenue.
—Domestic inflation.

The Rice Problem

Burma's exports of rice in 1955 are expected to total some $1·7 million, an increase of more than ten per cent over 1954 figures. The bulk of this trade is based on traditional markets in India, Ceylon, Japan and other eastern countries, but improving production and some slackening in overseas demand is likely to result in a substantial carryover at the end of the year.

Behind this position there are such realities as the increased production of rice and other cereals in India, Ceylon's large purchases of rice from Communist China,

and continued Japanese imports of wheat, barley and rice from the United States, Canada and other sources.

The rice trade may perhaps benefit but the country's overall economy may suffer from a reported deal with the Soviet Union involving disposal of a large part of the 1955 rice carryover for payment in roubles. Such inconvertible currency must involve purchases of Soviet materials and equipment of unknown cost and, possibly, of types which will not be readily assimilated in trade or industry. This must lead at the same time to some breakdown in Burma's traditional business relationships throughout the world.

Altogether it appears that, over a period of several years, undue control of export prices and some degree of disregard of basic trends in important markets has threatened the rice trade with too much dependence on barter deals and support from the Communist areas.

"Austerity" Still Necessary

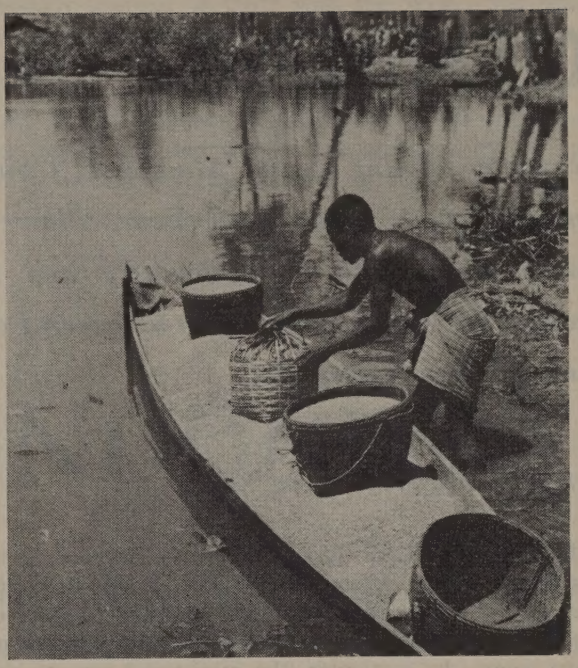
Stringent economies including a complete, although temporary, suspension of open general import licences in March became necessary in order that Burma might balance its foreign trade and its budget. Austerity is now and will remain the keynote, according to government statements, until Burma can sell her rice at satisfactory prices and until the factories now being built can produce the needed consumer goods. There are signs that the drain on foreign exchange reserves has been halted—whether temporarily or permanently remains to be seen.

In September Burma negotiated a loan of £15 million from India. Under the terms of this loan, it may be converted into sterling at the option of the Burmese Government but it is estimated that more than £7·5 million will be spent in India. The loan will cover almost exactly the expected budget deficit for 1956. So far no loans have been granted by the World Bank, although several projects have been reviewed and surveys made, including one in November. Burma receives little other external financial assistance.

Internal security is improving slowly but surely. Most of the organized insurgents such as the Karens, Communists and K.M.T. troops have been broken up and trouble now comes from small groups of bandits. The improvement, however, is not yet sufficient to allow for much increase in non-agricultural activity. Production of rubber, timber, tin, oil and other minerals is still well below prewar levels.

Development Program Revised

Falling foreign exchange earnings and reserves necessitated a complete review of the country's development program which was planned and started when export prices for rice were at scarcity levels. Many projects have been curtailed, deferred and rephased to extend over longer periods. The list of 65 industrial enterprises has been cut to 55; greater aid to agriculture and greater encouragement to private investment, particularly "joint ventures" with the state, are now stressed.



A Burmese farmer loads his boat with rice which he raised and prepares to move it down-river as the first step in marketing his principal crop.

A policy statement on private investment, domestic and foreign, included the following incentives:

- New enterprises to be guaranteed against nationalization for an agreed period, normally not less than three years.
- Equitable compensation to be paid in the event of nationalization.
- Foreign exchange to be made available for the import of raw materials and replacement equipment.
- Protection and support to be given through tariff arrangements and other means.
- For foreign investment, remittance of current earnings and dividends and also repatriation of investment over a reasonable period of time.
- For domestic investors, loans to be granted through the appropriate government agency.

Despite very serious economic problems there are signs that the measures taken by the Government will be effective. Specifically, the run on foreign exchange reserves has been slowed and the world rice market has ceased to decline. But it will be some time before Burma is able to so strengthen her economy that controls can be relaxed and barter deals abandoned.●

CHINA

Reports coming from Mainland China indicate how first Five Year Plan is progressing, both in agriculture and in industry. Trade continues to be carried on mainly with Soviet bloc.

T. R. G. FLETCHER,
Trade Commissioner, Hong Kong.

THIS PAST YEAR has been unique because it has provided foreign observers with exceptional opportunities to gain a clear conception of what has been going on in Mainland China since the People's Republic came into being. In particular, the ministerial reports presented to the First National People's Congress held in Peking in early July reviewed the events of the past few years in every field, outlined future intentions, foreshadowed coming developments, and summarized government policies.

The People's Government has stated its task to be the transformation of China's present small-capitalist economy into one based upon large-scale socialist production. "Socialist industrialization"—the building of state-owned heavy industry—will be the hard core of the program and will receive first priority. But small-peasant agriculture and handicrafts, and capitalist industry and commerce, will also be changed into large-scale socialist forms.

Five Year Plan

At the present time, the first Five Year Plan (1953-57 inclusive) is the blueprint being followed and the rule-of-thumb for assessing progress. The three main aims of this preliminary Plan (at least two more are anticipated) are to concentrate major effort on state-owned industrial construction; to encourage agricultural producers' co-operatives and handicrafts producers' co-operatives as a first step toward socializing agriculture, and to begin incorporating capitalist industry and commerce into various forms of state capitalism, as a preparation for ultimate socialization.

Total planned expenditure over the five years is 76,640 million yuan. At 2·343 yuan to one U.S. dollar, this sum is equivalent to $32,710 million. The proportion to be spent on "capital construction" is 55·8 per cent. The results expected by 1957 include the doubling of the value of industrial output over that of 1953 and the raising to 87·8 per cent of total value of industrial output the proportion contributed by the state-owned, the co-operative, and the joint state/private sector of Chinese industry. The plan also envisages a one-quarter increase in the value of agricultural output, with one-third of all peasantry joined in co-operatives. To date, at the end of the third year of the Plan, the annual objectives and the required pace are being met, according to official statements.

The 1955 State Budget is designed to contribute to the national development program. To the claimed 1954 surplus of 3,142·7 million yuan (about $1,341 million U.S.), are added estimated 1955 revenues of 28,049·8 million yuan (U.S. $11,971 million). These, to be offset by estimated expenditures of 29,736·7 million yuan (U.S. $12,691 million), will yield an estimated surplus in 1955 of 1,455·8 million yuan, or U.S. $621 million. Budget expenditures are primarily intended to encourage increasing production (particularly the expansion of heavy industry) and spending on "economic construction" will account for 14,188·8 million yuan (U.S. $6,055 million) of the total expenditure. Budget policy, however, lays equal stress on the importance of strict economy in the management of the nation's affairs in order to assist capital accumulation.

The development program is undoubtedly beset by serious problems. One of them is the lack of trained personnel, which has made for heavy losses through waste and inefficiency. And there appear to be critical shortages of certain materials because, seemingly, China just cannot fill her needs from the Soviet Union and its satellites, or from elsewhere.

In Agricultural Field

The most serious threat to success is the plan's dependence upon the elasticity of agricultural output. Increased agricultural production is vital to supply the rising demand of a population growing bigger by 12 million people a year and maintain the existing standard of living, let alone improve it. In addition, agriculture is the only sector of the economy which can be expected to supply an exportable surplus to pay for the import of capital equipment, producers' goods, and certain essential raw materials.

The creation of this agricultural surplus presents great difficulty. Traditionally agriculture in China is a small-holding operation. The average size of a farm is too small for best use of the land and current productivity is low. The Government's answer is to introduce large-scale farming with use of machinery, new techniques, more fertilizers, but this is a formidable task in the light of present resources. An interim course of

action has been adopted—the introduction of co-operation first—making the major change-over as circumstances and education of the peasantry permit.

A direct outcome of this problem was the bringing-in of the so-called "Three Fixed" grain policy early in 1955, and the imposition of food rationing late in the year.

Since 1953 the Government has exercised a monopoly over the grain trade, has stipulated minimum output targets for the farmers, purchased its estimates of producers' "surplus" grain, and then sold this surplus for distribution domestically and/or exported it.

Early in 1955 the Government was compelled to recognize the threats to its national program implied in the growing opposition of grain producers and in the growing belief among non-producers that there was not enough food to go around. To remedy the situation, the Government introduced the "Three Fixed" scheme whereby, for the next three successive years, the grain production target was frozen at a level acceptable to the farmers. Government purchasing of "surplus" grain was set at a figure equally acceptable and government distribution for consumption by non-producers was fixed at a volume considered sufficient.

Because increased agricultural output was still encouraged but peasants were to be allowed to retain any excess they cropped over and beyond the "First Fix", the Government still stood to gain more grain, other things being equal. But to hold down consumption to the "Third Fix"—i.e., to capitalize fully on any excess production—food rationing was introduced so that all possible grain could be exported to earn foreign exchange. This domestic semi-austerity policy paid off: the 1955 food grain crop was 12·4 million metric tons greater than the 1954 harvest and theoretically all this extra was exportable.

Trade Is Increasing

China's international trade continued to be used as a tool to further the Government's purposes and barter continued to be regarded as the most effective trading method, primarily because of the country's shortage of foreign exchange. Barter agreements were many, mostly on government-to-government levels.

Trade improved in 1955, with the share of the Soviet bloc remaining paramount. For the eight months ended August, the total value of imports plus exports was said to be nearly 13 per cent above the same period in 1954. Commerce with the Soviet bloc rose 10·8 per cent and with the rest of the world 22·4 per cent. The State import/export plan for the year, related to the long-term national development, was being fulfilled according to schedule.

There is good reason to believe that, even if the embargo were lifted, China could not support any tremendous upsurge of trade with the West. She must already be straining every sinew of her economy and it is too much to expect that any deflection of trade from the Soviet bloc to the West might result. Nor is it likely that she will turn to the West for loans or credits. Her industrialization will be accomplished by savings out of income—the hardest way of all.

INDONESIA

Last half of year brought significant improvement in Indonesian position, with smaller budget deficit, favourable balance of payments, and larger exports. Purchases from Canada slightly lower, with change in commodity pattern, but sales to Canada showing decided increase.

W. D. WALLACE, *Commercial Secretary, Djakarta.*

THE OUTSTANDING ECONOMIC DEVELOPMENT IN INDONESIA in 1955 was the improvement in the deteriorating economic situation, with its steady rise in prices, acute shortage of imported goods, and many malpractices. The change came about in the latter half of the year after the new government took office. New import-export regulations, fresh efforts to prevent loss of foreign exchange, and new methods to control inflation were introduced. By the time the year ended, the foreign exchange position and finances had improved, the money supply had been reduced, and prices had declined. On the other hand, agricultural production had slipped, largely because of adverse weather conditions. This applied particularly to food crops for domestic consumption; most of the important export crops (with the exception of estate rubber) about equalled those of 1954.

Shortly after the new government took office it was reported that the 1955 budget deficit would reach 3·6 billion rupiahs. New import surcharges and other

Indonesian Production and Exports 1955

• *TIN—Output slightly under 1954's 35,862 tons; exports for January-September 1955, 23,489 tons valued at 500 million rupiahs. Tin contract with U.S. renewed to March 1956.*

• *BAUXITE—Production for 1955 close to 200 thousand tons, compared with 173 thousand in 1954. Exports, mainly to Japan and the Netherlands, slightly below 1954 level.*

• *RUBBER—Estate output dropped to 194,599 metric tons for January-September 1955 compared with 211,821 tons for same period of 1954. Total exports (estate plus smallholdings) for same period equalled 507,740 tons. High prices helped to keep earnings up.*

• *TEA—Estate production, 32,234 tons for first nine months of 1955, slightly below 1954. Exports declined by 10,000 tons, chiefly because of higher domestic prices.*

• *PALM OIL—Output reached 120 thousand tons for first nine months of 1955 (3,000 tons under 1954). Exports fell from 87,000 tons in first three quarters of 1954 to 75,000 in 1955.*

• *PETROLEUM—Production of crude (January-September, 1955) 11,775,000, one-million-ton increase over same period of 1954. Exports of crude oil reached 2·1 million tons (1·6 in 1954) and of petroleum products 4·7 million (5·4 million in 1954).*

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increases in government revenues cut this deficit to approximately one billion rupiahs. For the first time an Indonesian Cabinet has prepared a budget in advance of the fiscal year concerned. The draft budget for 1956 anticipates a deficit of one billion rupiahs. Revenues are estimated at 18 billion rupiahs, an increase of 2·3 billion, and expenditures at 19 billion rupiahs, up 3 billion over 1955. The increase in revenues will come from the import surcharges and increases in direct taxes. According to the reports of the Bank of Indonesia, money in circulation has been decreasing in the closing months of 1955. After rising from 9,246 million rupiahs at the end of 1954 to 10,598 million on September 28, 1955, it dropped to 9,838 million rupiahs on November 30, 1955.

The provisional balance of payments position for 1955 indicates a surplus of approximately 600 million rupiahs compared with a deficit of 787 million in 1954. The export surplus will thus more than offset the expenditure of about two billion rupiahs for services, capital transactions, and repayment of loans.

Foreign exchange reserves have improved substantially and on November 30 were estimated at 2·8 billion rupiahs, compared with 2·1 billion at the end of 1954 and 2·4 billion on June 30, 1955. The gain resulted from the complete change in the import-export system and efforts to contract the money supply.

Import Controls Simplified

The Government introduced a new import control system in September which abolished all previous import regulations—including parallel trade and barter transactions, the special import system for textiles, and the provisional import certificates, as well as the many agencies which had administered the old regulations. The new system, administered by the Bureau of Foreign Exchange for Trade and supervised by the Monetary Council, deals with both import licences and foreign exchange allocations. Imported goods are divided into the following four categories, with new import surcharges: essentials, 50 per cent; semi-essentials, 100 per cent; luxuries, 200 per cent; super-luxuries, 400 per cent; all on the c.i.f. value of imports.

Although the new regulations are stringent and require large advance deposits, they tend to make trading conditions a little easier. They are bringing about a speedier issuing of licences, better distribution of imported goods, and a tightening of credit. No increase in the value of imports is expected. On the contrary, import trade is expected to contract, especially in luxury goods.

Export Regulations Changed

On the export side, efforts have been made to determine export prices by the daily quotations of the country of destination, to have goods actually shipped to the country named in the export licence, and to sell under short-term contracts. The import inducement certificate system, which actually brought about extremely high prices for imports coming under it, was abolished. All supplementary export duties were cancelled as well as the basic export duty on palm oil and palm kernels, tobacco, sugar and pepper; the export duties on petroleum, tin and copra were reduced. Exporters were granted a premium of 10 per cent of the f.o.b. export proceeds on a number of minor (or so-called "weak") products and 5 per cent on pepper

—FAO Photo

Some 200,000 Indonesians on the island of Java make a living out of fish-breeding; the picture shows a Javanese carrying on this time-honoured occupation while a friend watches.

exports. It is too early to say what the general effect of these regulations will be but they are aimed at making Indonesian products more competitive.

Foreign Trade Balance

The efforts to conserve foreign exchange and the application of strict import control has further increased Indonesia's favourable balance of trade. For the first nine months of 1955, foreign trade achieved an export surplus of 2,485 million rupiahs; exports were valued at 7,325 million rupiahs and imports at 4,840 million. In the same period of the previous year the favourable balance of trade was 1,265 million rupiahs; for the whole of 1954 it totalled 2,587 million rupiahs. The volume and value of exports were close to the 1954 level but the volume and value of imports were considerably lower.

There appears to be little change in the pattern of Indonesia's export trade. Singapore, the Netherlands, the United States, and the United Kingdom remain the chief markets and account for 18 per cent, 16 per cent, 16 per cent, and 11 per cent respectively of the country's exports. They are followed by Japan (6 per cent), South America (7 per cent), and West Germany (4 per cent). On the import side, there has been a reduction of approximately 15 per cent in value for nearly all countries, with the exception of some of the eastern European countries. The principal sources of supply are the United States (17 per cent), Japan (15 per cent), the Netherlands (12 per cent), West Germany (10 per cent) and the United Kingdom (6 per cent).

Indonesia's total trade with Canada for 1955 will almost equal that of 1954 (Canadian exports $1,321,420, imports $611,420), but a definite change in pattern has taken place. Canadian exports to Indonesia have declined by almost 25 per cent because of Indonesia's import and foreign exchange control, but imports from Indonesia have shown a decided increase, reflecting large shipments of palm oil which have entered into the trade for the first time. Exports from Canada for January-September, 1955, were valued at $712,142; imports into Canada for the first eight months at $859,589. The chief exports from Canada were:

Canadian Exports to Indonesia

Motor vehicles	$188,806
Newsprint paper	118,656
Steel plates, sheets and grips	57,995
Gas engines	49,722
Sparkplugs	38,179
Polystyrene	28,100
Sulphite pulp	37,895
Asbestos linings	19,341
Tractors	16,602
Radio and wireless equipment	11,729
Flour	11,296

Exports of most Canadian products to Indonesia were below those of the first nine months of 1954. The largest declines were noted in newsprint paper ($192,000), tractors ($105,000), radio and wireless equipment ($49,000), flour ($46,000), shoe machinery ($37,000), and copper tubing ($20,000). Shipments of motor vehicles, gas engines and polystyrene were almost the same as in the previous year. Gains were recorded, however, for steel plates ($50,000), sulphite pulp ($38,000), sparkplugs ($5,000), and asbestos linings ($5,000).

Exports of palm oil valued at $641 thousand accounted for 75 per cent of the total shipments to Canada. Exports of tea declined by $119 thousand, rubber by $40,000, paraffin wax by $33,000, hoods and shapes by $15,000, and desiccated coconut by $15,000. The principal imports into Canada were:

Canadian Imports from Indonesia

Palm oil	$641,081
Tea	97,021
Rubber	28,979
Sisal	23,348
Sago and tapioca	19,970
Kapok	18,785
Pepper	7,834
Spices	7,329
Cigar leaf	5,226
Hoods and shapes	1,512

As a result of the new foreign trade regulations, it is expected that Indonesia's purchases from Canada over the next few months will rise slightly.●

Among the export industries which the Japanese Government is encouraging is the making of toys. Some of these are distinctively Japanese such as the dolls seen on the left.

JAPAN

Expanding exports and bumper crops were chief factors in making 1954 one of Japan's best years—though certain problems remain unsolved. Trade with Canada, both import and export, increased in first nine months of '55 over same period of '54.

J. E. LANCASTER, *Trade Commissioner, Kobe.*

THE JAPANESE ECONOMY is booming. Thriving exports and a bountiful rice harvest—estimated at a record 79 million koku*—have brought about an improvement in the economic situation that is exceeding the expectations of both business and government leaders. Exports for the year 1955 bid fair to total $2,000 million when all the figures are in. Though there are undoubted weak spots in the economy which show up like dark clouds in a sunny sky, 1955 on the whole presented a pleasing contrast to 1954 and other postwar years. A more stable political situation was also an important factor.

During the year the Government followed a policy of deflation but this did not react as strongly on the domestic market as the months went by. Proceeds from export sales, the record farm income, and the high fixed purchasing price for commodities (including rice), increased the money supply. The steep fall in money rates and booming department store sales reflected these conditions.

Exports Rise

The most hopeful development of 1955 was the rise in exports: monthly sales to foreign markets rose from $140 million to $170 million as the year progressed. The shipbuilding industry made an outstanding contribution to this achievement, with foreign orders totalling $325 million for the first eight months of fiscal 1955 (fiscal year=April 1 to March 30) compared with $200 million for the same period of fiscal 1954. Textiles, particularly cotton cloth, also contributed to the export boom. A record catch of salmon means that output of canned salmon will reach 1,785,000 cases in 1955, one million of which are earmarked for export. The camera industry increased its sales abroad by 50 per cent during the first half of 1955, compared with the first half of 1954. Other products achieving a good export record were porcelain, toys, household metal goods, and rubber goods.

Other Influences

Japanese exports to and investments in South East Asian countries are being stimulated indirectly by negotiations over war damage claims being carried on with these countries, including Burma, Indonesia, and the Philippines. Some of these negotiations have already been concluded. Japan's inclusion in the Colombo Plan community is also giving her an opportunity to expand and improve her trading connections throughout South East Asia.

If the figure of $2,000 million for exports is actually achieved in 1955, it will represent an increase of $370 million over the 1954 figure of $1,630 million; 1953's total was $1,275 million.

* One koku=4·96 bushels.

LEADING CANADIAN IMPORTS FROM JAPAN

(first nine months of 1955)

	Value
Casings for gas, water, or oil wells	$ 2,288,152
Plywood	993,754
Bauxite alumina for refining	867,925
Metal mechanical toys	716,986
Wool gloves and mitts	676,995
Toys, all kinds, n.o.p.	604,436
Synthetic fibre gloves	585,029
Silk clothing	543,440
Electro-plated ware, gilt ware	531,933
Commercial fish nets and netting	530,064
Total	$ 8,338,714
Total (all exports)	$23,641,131

LEADING CANADIAN EXPORTS TO JAPAN

(first nine months of 1955)

	Value
Wheat	$41,568,528
Barley	4,848,257
Flaxseed	4,306,030
Bleached sulphite pulp	3,765,267
Iron ore	2,937,670
Asbestos milled fibres	1,210,167
Whisky	1,173,160
Wheat flour	962,752
Drugs and chemicals n.o.p.	858,945
Magnesium	835,107
Total	$62,465,883
Total, including all others	$68,731,877

The rise in exports does not mean, however, that Japan's trade balance for 1955 will show an export surplus. Imports for the first ten months of 1955 reached a value of $2,016 million, or a monthly rate of $200 million. In 1954, imports totalled $2,399 million and in 1953, $2,410 million. In postwar years, United Nations, and particularly United States Armed Forces', spending has helped to improve the balance of payments position. Stimulated by the Korean War, procurement spending of this type reached a record $824·2 million in 1954. It fell to $651·6 million in 1954, and the 1954 figures, when they are released, will probably record another drop. Expanding its sales to the dollar area appears to be the only way in which Japan can make up this loss in dollar income.

Foreign Exchange Budget

An important feature of the Japanese economy is the Foreign Exchange Budget, which is set twice a year—on the first of April and the first of October. This Budget allocates foreign exchange for purchases abroad for a six-month period. The October 1955 Budget assigned foreign exchange equivalent to $1,588 million for imports, or $214 million more than in the previous six months. This gain reflects directly the healthy export earnings. It is difficult to prophesy about the spring Budget, but it seems unlikely that the Japanese authorities will be able to increase their purchases from the dollar area, bearing in mind the decline in special procurement orders and the adverse balance of trade with Canada and the United States.

Trade with Canada

A study of the figures on trade with Canada illustrates Japan's difficult position in dollar markets. In the first nine months of 1955, Japan sold to Canada goods worth $23·6 million, and brought from Canada goods worth almost three times as much, or $68·7 million ($77·1 million in 1954). The $23·6 million was an encouraging increase over the $11·9 million for the same period of 1954, but the gap is still wide. The tables above give the value of exports to Japan of the nine leading commodities in the first three quarters of 1955, and of the nine leading imports from Japan for the same period.

Other Canadian products making a good show in the Japanese market in 1955 include polystyrene, titanium slag, lead in pigs, tallow, skins and hides, seeds, and bran (shorts and middlings).

Outlook for 1956

Without full information about and figures on 1955's trading and other activities, it is difficult to comment on the outlook for 1956. Nevertheless, certain trends can be discerned. If exports falter and foreign earnings drop, the Government may decide to follow an easy-money policy. However, prospects for a continuing high rate of exports appear good, although the spectacular gains of 1955 will probably not be repeated. The limited capacity of foreign markets to absorb Japanese goods, further trade restrictions in other countries, and fierce competition in overseas selling may slow up the Japanese sales drive.

Although Japanese manufacturers can build modern plants and have a large body of skilled labour at relatively low wage rates at their command, a Government White Paper points out that the nation is lagging behind in technological advance. It asserts that not only has Japan fallen behind in research in diverse fields, but also has come to depend too much on overseas technology. For a manufacturing country dependent on sales of processed goods abroad, this situation is fraught with danger. Nevertheless, business investment should be higher in 1956 and should serve to bolster the economy if exports drop. Business investment is expected to run at between 130,000 million to 160,000 million yen, compared with 60,000 million during 1955. Government investment, however, is slated to fall from 276,590 million yen in 1955 to 246,300 million in 1956. Bearing in mind, however, the heavy ratio of population to land area in Japan, and the million new mouths to feed every year, it is plain that 1956, as all the other postwar years, will see a continued struggle to keep the nation's economic head above water.●

THE PHILIPPINES

H. E. LEMIEUX, *Vice-Consul and Assistant Trade Commissioner, Manila.*

Outlook for Canadian sales in this market is dimmed by dollar shortage, but brightened by gradual reduction in the tariff preference given the U.S., which began in January.

THE MOST SIGNIFICANT DEVELOPMENT in the Philippines in 1955 from the point of view of the Canadian trader was the serious deterioration in the country's gold and dollar reserves. By October 1955, in fact, they had reached their lowest level since import and exchange controls were introduced late in 1949.

One of the major influences in this fall in reserves was the fact that receipts from exports, because of falling prices in international markets, failed to match the continued rise in imports. This import increase could be traced to new industries which were allowed to bring in capital goods and raw materials more freely, and to speculation by importers. These importers, expecting tighter trade restrictions, were busy building up inventories of foreign goods.

Attacking Fiscal Problem

To check the drain on the reserves, the Central Bank of the Philippines last September ordered a 50 per cent reduction in imports of non-essential consumer goods, textile yarns, and a number of other products. The Bank also purchased $10 million from the International Monetary Fund against payment in pesos. However, the balance of payments position is expected to remain critical for several more months. Further reductions in imports are forecast for the first half of this year, unless the value of exports rises substantially.

The table below shows the deterioration in the country's international reserves.

INTERNATIONAL RESERVES

(in millions of U.S. dollars)

Month	*1954*	*1955*
January	296	266
April	308	246
July	308	247
October	296	237

Normally in the foreign trade of the Philippines since the war, the value of imports has exceeded that of exports. This trend continued in 1955, as the table below shows.

PHILIPPINE FOREIGN TRADE 1949-1955

(f.o.b. value in millions of U.S. dollars)

Period	*Imports*	*Exports*	*Total*	*Balance*
1949	586·4	253·7	840·1	—332·7
1950	342·4	337·2	679·6	— 5·2
1951	481·3	409·7	891·0	— 71·6
1952	432·0	351·9	774·9	— 80·1
1953	428·5	392·5	821·0	— 36·0
1954	482·6	405·2	887·8	— 77·4
1st six months 1954	222·4	220·0	442·4	— 2·4
1st six months 1955	275·7	219·5	495·2	— 56·2

(Source: Bureau of Census and Statistics, Manila.)

The United States continues to be the Philippines' most important supplier and customer, followed by Japan, the Netherlands, Indonesia and Canada. The United States supplied 67·04 per cent of total Philippine imports during the first six months of 1955, and bought 67·27 per cent of total Philippine exports during the same period. It thus accounted for 67·14 per cent ($332·5 million) of total Philippine foreign trade. The percentages for the corresponding period in 1954 were 68·27 per cent for imports, 66·23 per cent for exports, or 67·26 per cent of total foreign trade. Japan's participation increased substantially during the first six months of 1955 compared with 1954; in the first six months of 1955, she supplied 8·07 per cent of Philippine imports and purchased 14·13 per cent of total exports, thus taking a 10·75 per cent (or $53·2 million) share of the Philippines' total foreign trade. Corresponding figures for the 1954 period were 5·74 per cent for imports, 11·72 per cent for exports, or 8·72 per cent ($38·5 million) of the total foreign trade.

Principal Imports and Exports

What is the commodity pattern of Philippine imports? During the first half of 1955 imports of cotton and manufactures constituted 13·92 per cent of the total value of imports, (12·79 in 1954); iron and manufactures, 8·16 per cent (8·25); petroleum products, 8·08 (9·89); machinery, 7·72 (7·37); automobiles and parts, 6·73 (6·92); grain products, 5·76 (5·71);

and dairy products, 4·97 (5·04). Electrical appliances, paper and manufactures, rayon and other synthetic textiles together contributed about 4 per cent of the total import figure.

Sugar leads Philippine exports with 31·82 per cent of the total value (34·77 in 1954), followed by copra, 23·65 (27·84); logs and lumber, 10·32 (7·99); base metals, 6·03 (4·69); hemp, 6·02 (6·34); coconut oil, 3·68 (3·37). Copper, gold and silver concentrates contributed 3·21 per cent of total exports during the first half of 1955, compared with 2·38 per cent for the same period of 1954.

Canada's Share in Trade

Canada's share of total Philippine foreign trade reached nearly two per cent during the first half of 1955, on the basis of preliminary Philippine figures. During that period, Canadian traders supplied 3·31 per cent of total Philippine imports but absorbed only ·26 per cent of its exports. Corresponding percentages for the first half of 1954 were 3·76 per cent for imports, ·96 per cent for exports, and 2·37 per cent of the total.

CANADIAN-PHILIPPINE FOREIGN TRADE

(in million dollars)

Period	*Canadian Exports*	*Canadian Imports*	*Total Trade*	*Balance*
1949	13·9	4·2	18·1	+ 9·7
1950	10·8	6·4	17·2	+ 4·4
1951	15·6	8·9	24·5	+ 6·7
1952	16·0	5·4	21·4	+10·6
1953	13·8	2·9	16·7	+10·9
1954	15·9	4·0	19·9	+11·9
1st six months 1954	8·1	1·7	9·8	+ 6·4
1st six months 1955	9·8	1·0	10·8	+ 8·8

(Source: Dominion Bureau of Statistics.)

Wheat flour is the main Canadian export to the Philippines and makes up from 70 to 80 per cent of the total value. Other Canadian products exported to this market are newsprint, malt, fertilizers, copper wire, primary aluminum and manufactures, and canned fish. Last year aircraft was added to the list. Canadian imports from the Philippines are largely confined to copra, plus some mahogany and desiccated coconut.

Canada's strongest competitor in the Philippines is the United States, which has a duty advantage over Canadian and other exporters. Under the Philippine-United States trade agreement of 1945, (the Bell Trade Act), all United States products enter the Philippines duty-free. But, as is explained later, Canadian businessmen may expect their position in this market to improve this year.

Japan also offers keen competition to Canadian exporters. The factor with Japan, as well as the Netherlands, is price, because all foreign products, except those from the United States, are subject to the same rates of duty on entering the Philippines. British and German trade is expanding, but the principal products exported to the Philippines from these countries do not usually compete with Canadian goods.

—U.N. Photo

On Ramblon Island, one of the smaller ones in the Philippines, quarrying marble has provided jobs for many; U.N. technical assistance has been given to this project. Here young Filipinos are hard at work finishing the big blocks of marble.

Bell Trade Act Revised

A treaty revising the Philippines-United States Trade Agreement became effective January 1, 1956. As a result, United States goods will gradually become subject to duty. Similarly, duty will be levied on Philippine goods entering the United States.

The following rates of duty to be applied on United States goods show Canadian exporters how their competitive position vis-à-vis United States exporters will improve in future years.

Period (All dates inclusive)	*Per cent of normal duty applicable*
January 1, 1956-Dec. 31, 1958	25
January 1, 1959-Dec. 31, 1961	50
January 1, 1962-Dec. 31, 1964	75
January 1, 1965-Dec. 31, 1973	90
January 1, 1974 and thereafter	100

As a result of the agreement, the 17 per cent tax on foreign exchange transactions expired on December 31, 1955. It has been replaced by a special import tax of 17 per cent levied on all imported goods, regardless of the country of origin.

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For Canadian firms interested in the Philippine market, the outlook is dimmed by the country's precarious dollar situation, but it is brightened by the improved competitive position as against United States suppliers, whose duty advantage has been narrowed as a result of the revision of the Bell Trade Act.

This combination of circumstances warrants energetic action by Canadians anxious to maintain and expand their stake in the Philippine market.

TAIWAN

Some progress made along road to self-support, though large-scale U.S. aid needed to correct adverse balance of payments, and defence burden continues to be heavy. Foreign trade system revised but private business still finds little scope for initiative.

T. R. G. FLETCHER,
Trade Commissioner, Hong Kong.

POLITICAL AND MILITARY CONSIDERATIONS again dominated the Taiwan scene during the past year, subordinating economic matters to more pressing ends. Defence requirements got first priority but the Chinese Government also pressed forward as best it could with its plans to develop resources and make the Island self-supporting.

Large-scale aid granted by the United States remained vital to the attainment of both objectives. It also served to stabilize Taiwan's economy, overstrained by the double task, by bridging the adverse gap in the balance of external payments. However, continued general austerity is the present price of a better future.

The crushing defence burden showed no signs of lightening. For the new fiscal year which began on July 1, 1955, the Minister of Finance reported that four-fifths of budgeted expenditure would go on defence. In addition, the United States was said to be contributing US$300 million more, specifically as military assistance.

Agricultural Development Stressed

Taiwan has moved farther along the road to self-support, though it has become apparent that the ultimate goal will not be attained as automatically, or as quickly, as original planning had indicated. Late in July the Minister of Economic Affairs stated publicly that viability would not be achieved in 1956 and that, in consequence, the four-year economic development plan launched at the beginning of 1953 would need more time.

The slowdown was primarily ascribed to the defence burden, but the Minister referred also to acknowledged short-run limitations of the existing material and human resources of the Island, and the pressure of a population growing at a rate of 3 per cent a year.

Accordingly, the development of agriculture, he said, would continue to be emphasized. This was basic to the standard of living, and a field in which investment offered the most attractive rates of return, especially through increased exports of surplus rice. Greater domestic production of synthetic fertilizers (not only to attain greater agricultural output but also to save on imports) would also be stressed; so would the continued expansion of power facilities.

In the light of this, it is useful to note from data issued by the International Co-operation Administration that American economic aid already granted to Taiwan during fiscal years 1950-55 inclusive totalled US$546 million. For the fiscal year 1956 (July 1, 1955, to June 30, 1956) a further US$102 million was approved, with an additional US$34 million worth of surplus farm produce still under consideration.

Progress Made in '55

Despite all the difficulties, information available from official Taiwan sources indicates that the economy did make progress during 1955. For the eight months ended August 31, 1955, index figures revealed general increases in output in agriculture, fishing, mining and quarrying, manufacturing, and public utilities. The composite index of all industrial production (1948=100) increased from an average 329·8 for 1954, the previous high, to an average 363·2. Cargo and freight tonnages also rose.

The wholesale price index was higher by 13 per cent and the retail price index by 10 per cent, but wages also rose. None of these signals occasioned any great alarm, but the situation was closely watched. Inflationary tendencies were definitely present, with the

austerity program limiting the quantity of consumer goods available.

The delicate balance of forces was emphasized by fourth quarter press reports (to date unsubstantiated by statistical data) of a sharp outbreak of inflationary pressures in November. This forced the re-introduction of food rationing in cities, the invoking of price control on the sale of daily necessities, and a sharp contraction of commercial credit. These developments served notice that regimentation and austerity would continue for some time to come.

Improvements in Administration

In the course of the year the Government took steps to implement the recommendations of the group of special American investigators who surveyed the Taiwan scene in the fall of 1954. Improvements were effected in budget control and public treasury management, taxation, note-issue and banking, foreign trade and foreign exchange. The general revenue structure was reviewed, taxation laws revised, and collections made more efficient. The import tariff was rewritten and reconstituted as a one-column schedule of duties equally applicable to all countries. These changes all contributed greatly to the first postwar virtual balancing of a federal budget—as at June 30, 1955, when the fiscal year ended.

Foreign Trade Picture

Changes in foreign trade and foreign exchange regulations were brought into effect on March 1, 1955, as a help in balancing external payments and getting better co-ordination with American aid. As a result of encouraging exports and regulating imports, trade statistics foreshadowed a favourable balance for 1955 (exclusive of imports under U.S. aid)a sharp contrast to the previous year.

As at October 31st, exports totalled NT$1,627 million (a figure already larger than that for twelve months' exports in 1954) and imports NT$1,298 million, yielding a ten months' surplus of NT$329 million, a welcome state of affairs. But it was sobering that U.S. aid imports during the same period themselves exceeded the total of general imports and were valued at NT$1,305 million. Self-support was not too near.

As usual the two staples, sugar and rice, together accounted for over 75 per cent of all export earnings. As at October 31st sugar exports stood at 525 thousand metric tons worth NT$870 million. Belief in further expansion of the sugar trade was signified by the official announcement made December 30th that Taiwan would withdraw from the International Sugar Agreement in order to be free to sell more than her allotted 1955 quota of 578 thousand tons. Rice exports for the ten months totalled 140 thousand metric tons, valued at NT$375 million, an all-time record.

In keeping with the overall planning, imports were largely confined to daily necessities, industrial raw materials, machinery and equipment. American commodity aid stressed supply of raw cotton, wheat, soy beans, hydrocarbon oils, sundry other industrial raw materials, and machinery. General imports emphasized chemical fertilizers, medicines and drugs, machinery and equipment and sundry other items.

As in previous years, Japan was Taiwan's major customer, taking 63 per cent by value of all exports. For imports, chief sources of supply were Japan (55 per cent), the United States (15 per cent), and Hong Kong (5 per cent).

Canadian trade with Taiwan continued to be heavily in Canada's favour. Our exports to Taiwan during the first nine months of 1955 were valued at $925 thousand, compared with $1·5 million for the same period of 1954. Figuring largely in our sales were sulphate wood pulp (the leader by a large margin), tallow, dry salted herring, sulphite pulp, polystyrene, malt, and asbestos milled fibres, in that order. Our purchases from Taiwan in the first half of 1955 showed a notable rise from only $630 in the first six months of 1954 to $78,381. The main reason was the buying of Taiwan black tea worth $73,815.

Barter Trade Continues

Generally speaking, the Government's commercial policy continued to regard barter agreements as the best trading device. The 1954 pact with Japan, primarily designed to exchange Taiwan sugar and rice for Japanese fertilizers, was renewed with a slightly higher ceiling of a permissible US$94 million of trade each way—though the record of 1954 had involved a shortfall of at least 10 per cent from the previous objective. The existing arrangement with France, offering green tea from Taiwan in return for pharmaceuticals and other chemicals, was extended for another year at the previous level, US$10 million each way, though past results suggested that this sum was over-optimistic. And as the year ended, Taiwan was negotiating similar barter deals with South Korea, Italy, and the Philippines.

Private Business Faces Problems

For the private businessman the year brought few real changes; he still operated in a labyrinth of controls. At export he was still compelled to seek trade in the less attractive and less remunerative commodities. Here, export floor prices and/or world market prices contrived to keep his returns low. Large public monopolies still dominated business in lucrative staples like sugar and rice.

At import, commodity control lists and bi-monthly commodity budgets decided what might be brought in,

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and in what quantities, and official screening of import exchange applications determined which businessmen would buy.

Though profits from import trading were potentially better than from export business because there were no widespread domestic price controls, competition for import permission kept margins down here too. The new foreign trade and exchange regulations did away with record of past performance as the criterion for allocation of import exchange. Importers now vied equally and allotment of exchange depended upon the judgment of the application screeners about the comparative attractiveness of the token firm offers from overseas suppliers which importers had to submit when seeking exchange.

Difficulties to Be Investigated

Moreover, the introduction of foreign exchange certificates into the private businessman's rather narrow field of international trading presented new problems. The certificates were intended to adjust the value of the new Taiwan dollar in conformity with existing domestic black market rates, without there being an actual statutory depreciation. On the one hand, an exporter received a calculable value in certificates as a premium reward over and above the official rate of exchange proceeds of his surrendered foreign currency earnings. He could cash this if he wished, by sale to the Bank of Taiwan or a third party. On the other hand, when a trader came to settle for any allotment of foreign exchange earmarked for a particular kind of approved import transaction, he had to deliver a calculable value of these certificates in addition to new Taiwan dollars at par, to get the foreign currency in question.

If he possessed certificates already, well and good; otherwise he had to buy them. Experience quickly proved that he could not count on purchasing them at par from the authorized source, the Bank of Taiwan, because overall supply was strictly limited. The certificates were issued in direct proportion to export performances and private holders tended to retain their own for disposition as they saw fit, rather than to sell them back to the Bank at par. And the fact that certificates only had two months' validity aggravated the situation. Inevitably a black market in certificates developed—not only increasing the cost of doing business, but effectively nullifying government purpose re the international exchange value of the new Taiwan dollar.

At year-end, having recognized the problem, the authorities were considering ways of making certificates more freely available from the Bank of Taiwan at par, without affecting adversely foreign exchange holdings and control. ●

THAILAND

Vigorous action by the Government to stabilize the currency and control imports helped Thailand to overcome effects of depressed market for rice in 1954; economic health now restored. Canadian trade with this country continues to show small but steady increase.

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

THAILAND has successfully weathered an economic storm. It is widely believed that this land of plenty in a continent of poverty is blessed with a large amount of luck. She has never known colonial rule and hence has been saved the struggle for independence, wars have left her unscathed, famine and flood are unknown, depressions and recessions are short-lived. However, in her triumph over recent troubles there has been at least as much good management as good luck.

At the end of 1953 Thailand found that the bottom had dropped out of the world market for rice. As she normally exports between one and 1½ million tons of rice and thereby earns 50 per cent of her foreign exchange, this turn of events called for drastic measures in the form of import and exchange controls. In addition to rice, rubber and tin are important exports, but again world prices remained very low in 1954. During 1955 the pendulum swung the other way and by the end of the year Thailand's economy had regained its normal vigour.

Monetary Reforms

First among the steps taken to put the ailing economy right were a number of fiscal measures. In recent years Thailand had operated a multiple exchange system with official, preferential and free rates. Exporters were forced to surrender part or all of their earnings to the Bank of Thailand at official rates. Thus, instead of getting about Baht 20 for one U.S. dollar, they received Baht 12½. Importers could obtain foreign exchange at the official rate only for government purchases and selected essentials, such as petroleum products.

As the Bank's reserves of foreign exchange dwindled because of lower export earnings, the official and preferential rates became more and more meaningless. In March the rate for valuing the Bank's gold and foreign exchange reserves was raised from Baht 12½ to Baht 20 to the U.S. dollar. This was of course a form of devaluation, but more realistically, it was official recognition of an existing situation.

Exchange Stabilization Fund

In July the Government set up an Exchange Stabilization Fund using as capital sterling and U.S. dollars to the value of US$63 million, acquired by reducing the legal cover for currency in circulation from 100 to 80 per cent—still a very high rate by present-day standards. In order to reverse the depreciating value of the Baht, the Fund initially put US$5 million into the free market. Subsequently it was able to buy back US$20 million and at the same time the currency appreciated from Baht 22·50 in June to almost Baht 20 in December to the U.S. dollar.

Foreign Exchange Rules Relaxed

The next step in the abolition of multiple exchange rates was to relax the rules governing the surrender of foreign exchange earnings from exports. As from August, exporters were allowed to sell their foreign exchange earnings at the free market rate. Because this deprived the state of a good deal of revenue—they formerly bought foreign exchange at the official rate and sold most of it at the free rate—the loss was compensated for by increasing export licence fees and export duties. Nevertheless, both the export trade and exporters benefited and so did the country as a whole.

Financial assistance in the form of United States ICA programs, loans from the World Bank and from a commercial bank totalled nearly US$80 million during 1955. This was a sizable contribution toward financial stability.

Trade Controls Relaxed

With the shift of emphasis to fiscal measures, the Government in September was able to drop many restrictions on the import trade. The prohibited list of 94 items promulgated in November 1954 was reduced to 17, plus a list of 23 restricted or controlled items for which import licences are required. These lists are made up of goods which are produced locally or which are considered luxuries.

Coupled with this liberalization came an increase in customs duties on a large number of commodities. The purpose of this is threefold: first, to moderate the effect of the dropping of controls; second, to protect home industry; third, to increase government revenue. Whether or not higher import duties will raise the cost of living remains to be seen.

Perhaps the most salutary feature of Thailand's economy is the success she has achieved in her rice trade. At the beginning of the year the official estimate of the exportable surplus was 1·3 million tons, made up of 800 thousand to 900 thousand tons from the 1954-55 crop (a below average yield) plus an abnormally high carryover from 1953-54 of 400 thousand to 500 thousand tons. As of November 30, 1955, rice exports for the eleven months totalled 1,121,000 tons. The only deterrent to Thailand's reaching the official estimate of exports is the lack of available stocks. In fact, a domestic shortage developed in November and a small grey market appeared in Bangkok—an unprecedented happening in the world's largest rice-exporting country in a time of a world rice surplus.

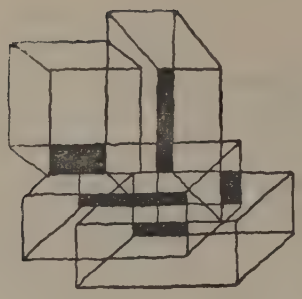
A word should be added about tin and rubber—two minor yet important exports from Thailand. Both these commodities have enjoyed high prices during 1955 and this has added to the prosperity of South Thailand where they are produced.

Other Steps Taken

In addition to good management in fiscal matters and good luck in world markets for Thailand's major exports, the Government has taken steps to put its own house in order. Several government trading monopolies have been dropped because they had proved to be both inefficient and of no value to the public. A tight brake was put on government spending, thus achieving a desirable measure of economy while removing an inflationary influence. On the Prime Minister's direct orders, Cabinet Ministers and senior Service officers have given up their positions in private business and public monopolies. Government spending on official and semi-official travel abroad is to be curtailed. The draft budget estimates for 1956 show a smaller deficit than those for 1955.

Increasing Trade with Canada

Canada's trade with Thailand is notable for two reasons. First, though it is not large—between $2 million and $2½ million per year—it appears to increase steadily. Second, there is almost no consistency in the products we sell, with the notable exception of flour which always heads the list. In 1955 Canada obtained a good order for television sets worth $430 thousand but this is unlikely to be repeated. Sales of antibiotics and milk powder declined drastically as importers switched their country of supply. Canadian imports from Thailand, traditionally only about one-quarter of the value of exports, also increased in 1955 mainly because of imports of seedlac and mineral ores for refining. The latter is not likely to be repeated because shipments are now routed to Europe.●



commodity notes

Aden

COTTON—Cotton will soon be cultivated for the first time in the Beihan area of the Western Aden Protectorate; three tons of cotton seed were recently flown in from Aden. Wild cotton is indigenous in this district and the local weaving industry has used its fibre for centuries, particularly in making the colourful Beihani carpets. Arrangements for the supply of cotton seed have been made by the Aden Agricultural Department. Cotton is already grown as a main crop in the Western Aden Protectorate under the successful Abyan scheme—Cairo, Jan. 10.

Brazil

COTTON—Cotton exports through Santos from March to October of this year fell to 88,167 tons compared with 196,340 tons during the same period last year. Japan continued as the largest importer with about 24 per cent of the total, followed by Spain with 13·5 per cent and Germany with 11 per cent. The world cotton market continues unsettled as both importers and exporters are waiting for the results of the first surplus cotton sale by the U.S. on January 1st. Meanwhile, cotton circles in São Paulo forecast a bumper crop and there is already talk of the necessity of government support and purchase—São Paulo, Dec. 30.

NITRO-FERTILIZERS—Brazil's first nitro-fertilizer factory, now being constructed, is expected to be in production by August 1956. The factory will use residual gases from the adjacent refinery and will cost some $7 million. Scheduled daily output is 375 tons of fertilizer; this is more than Brazil's present consumption, nearly all of which is now imported. It is estimated that the factory will save foreign exchange at least equal to its overall cost. Principal product will be nitrate of ammonia—either pure, granulated or mixed with lime—São Paulo, Jan. 20.

Chile

FISHMEAL—Fishmeal production during the first eight months of 1955 reached 8,500 tons, an increase of 5,000 tons over the same period of 1954. Production for 1955 is expected to reach 12,000 tons. During the first eight months of 1955, 3,500 tons were exported to the United States and European countries —Santiago, Jan. 17.

India

RUBBER—Indian imports of raw rubber and rubber manufactures during 1954-55 showed an increase over the previous year: imports of raw rubber were valued at Rs.10·3 million compared with nearly Rs.900,000 in 1953-54; imports of rubber manufactures rose from Rs.4·8 million in 1953-54 to Rs.5·3 million in 1954-55. About half of these imports consisted of motor vehicle tires. Local production of natural rubber in the current year is estimated at about 22,000 tons. Total consumption of imported and locally-produced raw rubber in 1954 was 25,487 tons, but it is estimated that by the end of the second five-year plan, consumption will reach 40,000 tons. The Government is considering the establishment of a synthetic rubber plant to augment local supplies—New Delhi, Jan. 12.

Jamaica

FERTILIZERS—The Jamaican Government's farm development program will cost £45,000; the plan is to plant 1,640 acres in food crops and 2,050 acres in fodder. To increase the small farmer's use of fertilizer, the Government has decided to ask for a free grant of £33,750 from the British Government's Colonial Development and Welfare organization. This money will be used to cover 75 per cent of the cost of subsidizing fertilizers supplied to small farmers during the next 4½ years. It is estimated that during the last three years of the program, 533·2 tons of sulphate of ammonia and of 18 per cent superphosphate, and 184·4 tons of muriate of potash will be needed each year—Kingston, Jan. 18.

Mauritius

SUGAR—Raw sugar comprises more than 97 per cent of the exports of Mauritius. The ratio of sugar production to population has been about one ton to one person a year. Prewar the per capita production was 1,700 lb. per person, but in the 1954-55 season it increased by 29 per cent to 2,200 lb. Plans to increase production further include adequate irrigation and more scientific use of fertilizers, opening of new lands for planting, and greater efficiency in extractive crushing of the cane. The production

target is 600 thousand tons, corresponding closely with the Commonwealth Sugar Agreement which provides for an export quota of 542 thousand tons in 1956—Johannesburg, Jan. 13.

South Africa

DECIDUOUS FRUIT—The deciduous fruit season of 1954-1955 was particularly successful. The crop of 106,500 tons was about 27·5 per cent above the previous year's. Some 37,000 tons were absorbed within the country; 26,600 tons were purchased by canners and the remainder sold as fresh fruit. The export of deciduous fruits worth £7,734,000 represented 89·5 per cent of the total receipts of the Deciduous Fruit Board. The volume in tons of fruits exported was: pears 26,733, apples 19,856, grapes 19,148, plums and prunes 2,073, peaches and nectarines 850, apricots 776—Johannesburg, Jan. 13.

Southwest Africa

DIAMONDS—A new diamond field has been discovered in South West Africa that is reported to be as rich as the one near the mouth of the Orange River. No details on the extent of the find have yet been released—Cape Town, Jan. 16.

Spain

SYNTHETIC RUBBER—A factory for producing synthetic rubber using nationally-produced alcohol as its base is to be set up in Miranda de Ebro, at a capital cost of Ptas.400 million. A total annual production of 8,000 tons is anticipated. Of the machinery to be used, Ptas.98 million worth will be Spanish and Ptas.95 million imported—Madrid, Jan. 18.

MOTOR CARS—The SEAT factory's annual production of the SEAT 1,400 (FIAT) is 10,000 cars. The small, economical SEAT 600 (FIAT) will be brought on the Spanish market in 1957, and by 1958, 20,000 of these cars will be produced annually, bringing the total output of the factory up to 30,000 units—Madrid, Jan. 18.

Sweden

NYLON STOCKINGS—Swedish imports of nylon stockings have increased steadily since the anti-dumping duty was abolished at the beginning of July 1955, after being in effect for two years. During the third quarter of 1954, 30·2 tons of nylon stockings were imported, but during the same period of 1955 imports reached 50·6 tons. The Swedish ad valorem duty on nylon stockings is 15 per cent. There is considerable price competition in the Swedish market and it is reported that eastern European countries have been selling considerable quantities at low prices—Stockholm, Jan. 20.

Turkey

TOBACCO—The 1955 tobacco crop of over 114 thousand tons is 15 per cent higher than last year's. With local consumption under 35,000 tons, some 80,000 tons of this crop will be available for export. During the previous season 63,000 tons of Turkish tobacco were exported, with the United States (29,000 tons), East and West Germany (about 5,500 tons each), and the United Kingdom (4,884 tons), the principal buyers—Athens, Jan. 12.

United States

GRAIN—Receipts at the New Orleans Public Grain Elevator for the ten-month period ending October 31, 1955, top the 1954 figures for the same period by 20 million bushels. Grain receipts are almost evenly divided between rail and barge. The extra marine leg and the recently installed pneumatic unloader are playing important roles in the increased grain movement—New Orleans, Jan. 23.

MEK—Shell Chemical Corporation will build a methyl ethyl ketone plant at Norco, Louisiana, with a capacity of 40 million pounds a year. Construction will begin about the first of 1956 and production early in 1957. Shell pioneered the manufacture of MEK from secondary butyl alcohol and first made commercial quantities of the solvent in California in the early 1930's. It now produces MEK at Houston, Texas, and Martinez and Dominguez, California—New Orleans, Jan. 23.

West Germany

ALUMINUM—Demand for aluminum is strong in the West German market. During the first eleven months of 1955 West German production of smelting aluminum rose 6 per cent, approximately 126 thousand tons, over the same period of 1954. Up to October 31st some 77,000 tons of aluminum for re-smelting purposes (alloyed and unalloyed) were produced, 36 per cent more than in the same period of 1954. From January to October inclusive the production of semi-finished aluminum goods totalled 126 thousand tons against 107 thousand during the same period of 1954. Thus the output of the entire aluminum smelting industry increased about 21 per cent in 1955. The price for smelting aluminum remains unchanged at DM223 per 100 kg. (approximately $24.20 per 100 lb.). After a slight drop in October the price of aluminum for re-smelting, to a large extent dependent on scrap prices, rose again to the old level—Bonn, Jan. 14.

AUSTRALIA: the problems of prosperity

Record industrial development, rise in agricultural production, expansion of secondary industries marked 1956 in Australia. Trade with Canada benefited from these brisk business conditions. Steps are being taken to meet the problems inherent in the general prosperity.

J. C. BRITTON, *Commercial Counsellor, Sydney.*

AUSTRALIA ENTERS "Olympic Year" on a wave of unprecedented prosperity. The year just ended was one of record industrial development, with over-employment at high wages. Several major investment programs were completed; among the more important were those associated with production of uranium, oil refining, and steelmaking. Other major developments, including power projects, are under way and the expansion of secondary industries continues at a rapid pace. Primary agricultural production has risen more than 20 per cent above prewar levels, largely because of improved cultural techniques and a sequence of excellent growing seasons. Sheep and cattle numbers have been built up to record figures and, despite a sharp reduction in wheat acreage, yields per acre of cereal crops in recent years have been 50 per cent higher than the prewar average, bringing total average production slightly above prewar. Immigrants have been assimilated with a minimum of economic disruption. This represents a considerable achievement because one million immigrants have entered Australia since the war. Christmas spending in 1955 hit an all-time record and at the beginning of 1956 Australia's standard of living was continuing to rise, with prospects favouring another boom year.

Prosperity has brought problems to Australia, and especially to its balance of payments position. With a substantial increase in population, rising wages and an enhanced standard of living, imports have increased progressively. Simultaneously, prices for Australia's primary exports have declined. This led to a fall in Australia's international currency reserves of £A142 million in fiscal 1954-55. Import quotas were tightened at the beginning of April 1955 and as the drain on currency reserves continued, imports were cut back further at the beginning of October. The latest import cuts were designed to stabilize international currency reserves at the end of June 1956 (the end of the fiscal year) at a figure of £A300 million.

Anti-Inflationary Measures

The record level of employment and earnings has also caused some difficulty. Competitive bidding for labour and increasing costs of wages and materials have all intensified cost problems. This trend has been more noticeable in the secondary industries to which Australia is looking to bolster declining export trade. The Government moved in September to improve the cost structure and at the same time to tackle inflation which could, unchecked, menace the entire economic structure. Under instructions from the Central Bank, credit by the trading banks was tightened and advances restricted. Public investment was also reduced and the rate of expansion of instalment purchasing companies curtailed. The keynote of the Government's policy has been restraint in spending and development, designed to readjust the economy to a level consistent with internal resources and with the competitive export position under present world trading conditions.

Canada-Australia Trade

Despite the intensification of import controls, Canadian exports to Australia registered an increase in 1955 over the previous year. For the first nine months of 1955, Canadian exports to Australia totalled $47,510,000, compared with $33,943,000 in the same period in 1954. Imports into Canada from Australia also went up slightly—from $15,156,000 in the first nine months in 1954 to $17,316,000 in 1955. The more important commodities purchased by Australia from Canada in 1955 were lumber, newsprint and wood pulp; passenger automobiles and parts; aluminum ingots; asbestos; copper ingots, rods, strips and sheets; flue-cured tobacco; automotive trucks and parts; special steels; drugs and chemicals, soda and sodium compounds; polystyrene; sausage casings; canned fish (salmon and sardines); calculating machines and parts; and farm implements. These commodities accounted for approximately 90 per cent of total Canadian exports to Australia in 1955.

The character of Canada's exports to Australia has changed substantially since the war. Previously

Australia constituted a market of considerable importance for Canadian household appliances, hardware, textile products, apparel, patent medicines, and a wide range of manufactured goods. Most of these lines are now available from domestic or other soft-currency sources of supply. The commodities imported into Canada from Australia in 1955 included wool, sugar, frozen meats, canned and dried fruits, wines and brandy, and sheep casings. There has been little change in the character of Canada's imports from Australia since the war.

Australia an Important Market

Australia has become an important market for Canadian exports. The range of products which can be imported is narrower than in the immediate postwar years. It is not likely that there will be wide-scale relaxation of Australian import controls during the present year. This means in effect that Australia's purchases from Canada in 1955 will probably be mainly confined to raw materials and the various manufactured products which have entered into the trade in the past few years. But, with increased industrialization and a rising standard of living, the Australian market may be expected to increase in importance in the future. In October 1955, Australia placed a number of products under global quota. Many of these are of interest to Canada, such as newsprint, paper pulp, aluminum, copper, nickel, tobacco, asbestos, and sausage casings. This was the first time the principle of non-discrimination as between currency sources was introduced into the Australian import licensing system.

Outlook Favourable

The economic outlook for Australia in 1956 is good. The measures taken to check credit expansion have met with some success; funds were tight at the end of the year, with a tendency for interest rates to rise. The balance of payments position improved and for the first few months of fiscal 1955-56 imports totalled £A350 million, 10 per cent above the value of imports for the corresponding period of fiscal 1954-55. This was more than matched by the £A39 million rise in exports, with the result that the visible trade deficit for the first five months of fiscal 1955-56, £A34 million, was £A16·4 million less than the corresponding deficit in 1954-55. With wool and metal markets firming, exports are expected to improve and the most recent import restrictions are expected to reduce imports markedly in the second quarter of the present year. Meanwhile foreign capital, notably from the United States and the United Kingdom, continues to enter Australia for industrial commercial undertakings. The pace of business and industry continues brisk, with no signs of slackening. Australia, preparing to stage the Olympic Games, faces the year with confidence based on sound development. ●

The Market in Saudi Arabia

SAUDI ARABIA has undergone more social and economic changes in the last twelve years than in the past twelve centuries. Today, the Government has an annual revenue of over $200 million from oil alone, which may soon increase to over $260 million. Oil production dropped slightly early in 1955 but recovered before the end of the year and the 1955 output of crude will probably be close to 1954's 46 million long tons.

The Saudi Arabian Government has embarked on a new development program and during the past year has constructed hospitals and schools and extended roads.

Two of the development projects are of interest to Canadian exporters. One is the proposed 750-mile railway to link Riyadh with Jedda. Tender notices have already been published with the specifications for railway ties, rails and some rolling stock. Details are available from the Commodities Branch of the Department of Trade and Commerce. It is understood that Polish, French, German, Japanese and U.S. companies will tender. The second interesting development is the proposed improvements in agricultural production. This may provide a market for Canadian agricultural machinery and is worth noting.

Canada's purchases of oil from Saudi Arabia have increased; up to August 1955 they totalled almost $5 million. Our sales to Saudi Arabia in the same period totalled only $1 million but they included a broad range of products—canned food, wheat and flour, boots and shoes, lumber, farm machinery, automobiles, washing machines, lamps and lanterns, radios, pens and pencils, ammunition and aircraft. This market is worth careful consideration and preliminary concessions such as samples and introductory price discounts will pay off. Canadian exporters should appoint local Saudi companies as their agents. The market has several peculiarities: for example, the local peak sale periods preceding certain Moslem feasts and during the pilgrimage. Supplies from abroad must be ordered well in advance.

Competition in this market from Japan, Germany and the Iron Curtain countries is growing and exporters and officials of these countries have been extremely active. One Japanese ship calls at Jedda every fortnight with a cargo ranging from canned food and textiles to hardware and building materials.

—M. R. M. DALE,
Commercial Secretary, Cairo.

The Netherlands Paper Industry

Increased paper production still falls short of consumption, and imports are necessary. Canada supplies both raw materials for industry and certain finished paper products; best long-term prospects appear to be for fine papers.

T. F. HARRIS, *Commercial Secretary, The Hague.*

PRODUCTION OF ALL TYPES OF PAPER in the Netherlands has risen from 253 thousand metric tons in 1938 to 426 thousand tons in 1954, an increase of 59 per cent. Nevertheless, it still lags considerably behind domestic consumption and, with exports totalling approximately 83,000 tons last year, the Netherlands had to import 155 thousand tons to fill the gap.

The Dutch paper industry, which originated in the 16th century, expanded rapidly during the 1930's when it began to use larger and more efficient machinery. Productive capacity was, however, set back during World War II when one paper mill was destroyed and a number of others seriously damaged. Currently, the industry comprises 36 mills employing approximately 8,000 workers. The largest producer, Van Gelder & Zonen, operates five mills with a total of 20 paper machines and a combined capacity of 210 thousand tons a year.

Sources of Raw Materials

The Netherlands depends mainly on foreign sources for the raw materials for its paper industry. In addition to substantial quantities of waste paper and straw pulp, it consumed in 1954 nearly 340 thousand metric tons of all types of wood pulp. Imports accounted for 239,500 tons and local industry supplied the remainder. The main foreign suppliers are Sweden, Norway, and Finland, followed by West Germany, Canada and the United States. In 1954 Canada's share of this market was some 10,000 tons and in the first nine months of 1955, 7,900 tons.

The two leading raw materials supplied by domestic industry are waste paper and straw pulp. In 1938 the paper industry consumed approximately 50,000 tons of waste paper; by 1954 this figure had risen to more than 128 thousand tons. Exports of waste paper are also rather large—about 97,000 tons in 1954. Production of straw pulp began after the end of World War II and is now carried on in three factories which produced 40,000 tons in 1954. Export figures are not made public but they are believed to be quite high.

Types of Paper Produced

The Netherlands produces four main types of paper—wrapping paper, printing and writing paper, newsprint, and special grades.

- *Wrapping Paper*—Production of wrapping paper has increased rapidly but not at the same rate as domestic consumption, which has risen by approximately 100 thousand tons in the last two years. Imports have more than doubled, but exports have increased by only a few thousand tons.

Five different types of wrapping paper are turned out: grey paper and grey cardboard; kraft paper; parchment and greaseproof paper; duplex cardboard; and other wrapping paper. The most important of these are grey paper and grey cardboard, production of which amounted to 80,000 tons in 1954, nearly half the total output of wrapping paper. The chief use of grey paper is in making corrugated cardboard which is also made from straw paper. The demand for corrugated cardboard has increased tremendously in the last few years, particularly for cartons for packing foodstuffs and beverages.

The principal markets for Dutch wrapping paper are Belgium-Luxembourg, West Germany, and the United Kingdom. Other buyers are Denmark, the West Indies, Surinam, the Philippines, Iran and Israel. The main suppliers of wrapping paper to the Netherlands are Sweden, Finland, Norway, and Belgium-Luxembourg; others are Italy, Austria, West Germany, Switzerland and the United States.

The following table gives Netherlands production, imports, exports, and domestic consumption of all types of wrapping paper for three recent years and for 1938.

WRAPPING PAPER

('000 tons)

	Production	*Imports*	*Exports*	*Consumption*
1938	93	45	20	118
1952	118	42	20	140
1953	151	65	21	195
1954	175	88	25	238

production and imports

• *Printing and Writing Paper*—The printing and writing paper sector of the industry has also expanded in recent years. Developments here, as the table below indicates, closely parallel the general trend of the industry—that is, greatly increased home consumption, a less impressive rise in production, stable exports and a sharp rise in imports.

During 1954, there was a shift from rags to wood as the chief raw material used in printing and writing paper. Other raw materials which are being used more frequently are straw, tropical hardwood and sugar cane.

The principal export markets for Dutch printing and writing paper are Belgium-Luxembourg, West Germany, Australia, India and Denmark; small quantities are exported to many other countries. The main suppliers are Norway, Austria, Belgium-Luxembourg, Sweden, West Germany and Algeria; others include East Germany, Finland, the United States, and Canada.

PRINTING AND WRITING PAPER

('000 tons)

	Production	*Imports*	*Exports*	*Consumption*
1938	56	23	17	62
1952	91	19	31	79
1953	112	38	31	119
1954	121	47	32	136

• *Newsprint*—Newsprint production in the Netherlands has also grown but much more slowly than output in other branches of the paper industry. The only producer, Van Gelder & Zonen, operates two newsprint mills with a total of 6 machines and a combined capacity of approximately 100 thousand tons a year. In an effort to keep pace with growing consumption (103 thousand tons in 1954), a new newsprint machine with an annual capacity of 35,000 tons is being installed at this company's Velsen mill and will go into operation this year.

It is interesting to note from the following table that in 1954 newsprint exports and imports were in balance, and that domestic production equalled consumption.

The main export market for Dutch newsprint is Belgium-Luxembourg which took 23,000 tons in 1954. Smaller quantities are shipped to France, West Germany and Indonesia. Belgium-Luxembourg is also the main supplier of newsprint to the Netherlands (9,000 tons in 1954), followed by Canada (6,300 tons), Finland (4,700 tons), the United States (3,300 tons) and East Germany (1,300 tons).

Since there is little or no difference in the quality of newsprint imported and exported by the Netherlands, it can be assumed that this trade is a consequence of traditional trade relations and of pressing incidental demand based on short-term delivery possibilities.

NEWSPRINT

('000 tons)

	Production	*Imports*	*Exports*	*Consumption*
1938	88	15	7	96
1952	97	3	30	70
1953	97	18	30	85
1954	103	25	25	103

• *Special Paper Grades*—This category includes felt paper for roofing, wallpaper, paraffin paper, toilet paper, crepe paper and paper napkins. The volume of production, like that of trade and consumption, is modest. Although imports have risen in the last few

The largest paper producer in The Netherlands is Van Gelder and Zonen, one of whose newsprint mills is pictured above. Altogether, it operates five mills, turns out about 100 thousand tons of newsprint, and produces several other kinds of paper.

years, there is a reasonable balance between domestic production and consumption, as the table indicates.

SPECIAL PAPER GRADES

('000 tons)

	Production	*Imports*	*Exports*	*Consumption*
1938	18	1	....	19
1952	25	1	1	25
1953	25	2	....	27
1954	28	3	....	31

Trade with Canada

Netherlands imports of Canadian paper have expanded steadily since June 1954 when all but a few restrictions against the import of goods from the dollar area were removed. Imports of the three types of paper purchased from Canada—newsprint, wood-free printing and writing paper, and wood-containing printing and writing paper—were considerably higher in nine months of 1955 than the total tonnage imported during the whole of 1954. Import figures for January to September 1955, together with comparative figures for the same period of 1954 and for the whole of 1954, are given below:

	1954		*1954 (Jan.-Sept.)*		*1955 (Jan.-Sept.)*	
	tons	*Fl. 1,000*	*tons*	*Fl. 1,000*	*tons*	*Fl. 1,000*
Newsprint	6,295	3,671	2,665	1,155	7,528	4,249
Wood-free printing and writing paper	75	77	.....	.....	1,091	1,101
Wood-containing printing and writing paper	219	137	.....	.....	448	290

Small shipments of Dutch paper have also been made to Canada during the last few years, as follows:

	1952		*1954*		*1955 (Jan.-Sept.)*	
	tons	*Fl. 1,000*	*tons*	*Fl. 1,000*	*tons*	*Fl. 1,000*
Wood-free printing and writing paper	13	28	7	10	.....	.....

Prospects for Canadian Suppliers

From a short-range viewpoint, the prospects for increased newsprint sales to this market are good. However, the planned increase in domestic production and the tight supply situation in Canada indicate that sales will not rise appreciably after 1956.

From a long-range viewpoint, the brightest prospects for increased Canadian sales are in fine paper. There is a continuing strong demand for glazed wood-free writing paper for exercise books and writing pads, glazed printing paper with about 70 per cent mechanical wood pulp for magazines, and wood-free offset and bond papers. Canadian firms attempting to gain a foothold in this market should be prepared to quote (in grams per square metre) Amsterdam/Rotterdam, and to meet price competition. It is difficult to sell the Dutch on quality alone.●

Trade Commissioners on Tour

A. B. BRODIE, Canadian Trade Commissioner, formerly in Leopoldville, Belgian Congo, began his Canadian tour on January 9. His itinerary is:

Winnipeg—Feb. 6-8
Ottawa—Feb. 13-17

J. C. DEPOCAS, Canadian Trade Commissioner in Guatemala City, Guatemala, began his Canadian tour on January 30. His itinerary is:

Calgary—Feb. 13
Winnipeg—Feb. 15-16
Toronto—Feb. 20-March 2
Windsor—March 5-6
London—March 7
Kitchener—March 8
Brantford—March 9
Hamilton—March 12-13
Kingston—March 14
Halifax—March 19-20
Saint John—March 21-22
Montreal—March 26-April 13

C. M. FORSYTH-SMITH, Commercial Secretary in Sydney, Australia, began the western part of his Canadian tour on January 30. His itinerary is:

Vancouver—Feb. 6-18

Businessmen in the various centres may get in touch with these officers through the Board of Trade in Brantford, Halifax, Montreal and Saint John; the Chamber of Commerce in Calgary, Hamilton, Kingston, Kitchener, London and Windsor; the Canadian Manufacturers Association in Toronto and Winnipeg, and the Department of Trade and Commerce in Ottawa and Vancouver (355 Burrard Street).

Tours of Territory

M. R. M. DALE, Commercial Secretary in Cairo, Egypt, will visit the Sudan, Ethiopia, the Somalilands, Aden, Yemen and Saudi Arabia in February.

G. A. BROWNE, Commercial Secretary in Havana, will tour Cuba during the latter part of March. During his tour, Mr. Browne will visit the following business centres: Santiago de Cuba, Bayamo, Nicaro, Holguin, Gibara, Camaguey, Ciego de Avila, Santa Clara, Caibarien, Cienfuegos, Sagua la Grande, Matanzas.

B. I. RANKIN, Commercial Secretary in Madrid, Spain, will tour Gibraltar, Tangier and Spanish Morocco during February.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible.

general notes

Brazil

DEVELOPMENT BANK LOAN—The National Bank for Economic Development has granted a loan of CR$393 million to the Cia. Hidroelectrica do Rio Pardo for the construction of two power plants on the Pardo River in western São Paulo state. Generating equipment valued at US$1,145,000 will be supplied from France—São Paulo, Jan. 19.

India

STERLING BALANCES—On November 25, 1955, India's sterling balances stood at Rs.7,196·9 million. Under the sterling balances agreement, India can use up to £35 million of these balances, or approximately Rs.500 million, every year. However, due to India's own industrial development, only £15 million has been drawn this year. The Government has stated it does not intend to invest these undrawn balances in foreign countries, because India will be able to use all of the overseas balances it can draw upon during the second Five-Year Plan, 1956-1961—New Delhi, Jan. 11.

Philippines

ELECTRIC WIRE AND CABLE—The American Wire and Cable Company Inc. is building a $1 million plant in Manila to make electric wire and cable for the requirements of local electrical and telephone companies. Production will start in February. At first copper wire will be brought from the United States, but eventually copper ingots will be used as raw material. The new firm has been given a dollar exchange allocation to import the machinery required —Manila, Jan. 21.

DOLLAR EXCHANGE QUOTAS—The Central Bank announced dollar quota holders would receive the same exchange allocations for the first half of 1956 as they received for the last six months of 1955. This means the general reduction of 50 per cent on all imports of non-essential goods imposed in the second half of 1955 will continue in force—Manila, Jan. 2.

South Africa

IMPORTS AND EXPORTS—Both imports and exports of merchandise showed a substantial increase for the first nine months of 1955. Imports for that period increased from £338 million in 1954 to £367 million, while exports jumped from £230 million to £265 million—Cape Town, Jan. 20.

GOLD FIELD—Development of the new Kinross goldfield in the Eastern Transvaal, where there may eventually be five major gold mines, started on December 15th. Pouring of the initial bullion from the new field is predicted in mid-1958—Johannesburg, Jan. 9.

NATIONAL INDUSTRIAL PLANNING—The Natural Resources Development Council's plans for further industrialization of the Union involve a capital investment of £115 million, of which £44 million would be allotted to construction in the Natal-Zululand area of an additional rayon plant, a kraft paper plant, three more paper mills, two more compressed-board factories and a bag manufacturing plant. Two iron and steel plants, a wool-processing plant, a sulphuric acid and fertilizer industry, a bag manufacturing plant, a compressed wood-board factory, a newsprint plant and a further oil-from-coal plant are projected for the Northern and Eastern Transvaal. The Electricity Supply Commission already sells power to the Tugela Valley, but further electrification of the Eastern Transvaal lowveld by ESCOM will provide power for long-term projects—Johannesburg, Jan. 9.

Swaziland

IRON ORE—Hematite ore grading 64 per cent iron has been located in Swaziland, where borings have already established reserves of 40 to 50 million tons. Further deposits of low-grade ore have been located as have substantial coal beds. Although early use of these new mineral assets is not expected, the hematite deposit will be a valuable reserve for the steel industry in South Africa—Johannesburg, Jan. 11.

Sweden

ATOMIC POWER—A special division for atomic power is being established in the Swedish Department of Waterfalls and Power Administration, and

in private industry eight companies have formed a syndicate to keep in touch with developments in the field of atomic energy. The syndicate will work in close collaboration with the Swedish Atomic Power Company—Stockholm, Jan. 18.

Turkey

CENSUS—The sixth census of Turkey's population took place on October 23rd. According to preliminary returns, the population has reached 24,109,641, compared with 20,900,000 at the last census in 1950 —Athens, Jan. 20.

WHEAT STORAGE—A United States construction firm recently signed a contract with the Turkish Government to erect mechanical loading steel grain elevators ranging in size from 2,000 to 20,000 tons capacity in 69 Turkish localities. The project is estimated to cost approximately $10 million, of which Turkey will provide the equivalent of $6 million in local currency, and the U.S. International Co-operation Administration the balance for the equipment from abroad—Athens, Jan. 18.

United States

RETAIL SALES—U.S. mail order houses and chain stores will set new sales records in 1955. During the first eleven months of last year, the group, consisting of 42 firms, rang up total sales of more than $12 billion, which is about 9 per cent better than during the same period in 1954. The biggest gain of 19 per cent was recorded by the auto variety chains, followed by mail order houses 11 per cent, general merchandise 10 per cent, shoes 8 per cent, apparel 8 per cent, grocery 6 per cent, variety 6 per cent, drugs 5 per cent, and men's wear 3 per cent—New York, Jan. 15.

EXPORTS AND IMPORTS—Preliminary estimates of the U.S. Department of Commerce show that in 1955 commercial exports and imports advanced about 12 per cent over the previous year. Exports, excluding military aid shipments, totalled approximately $14·3 billion. The prospects for 1956 are also bright. A survey of a selected group of New York firms covering a wide variety of products and operations in overseas trade shows 45 per cent expecting an increase in their operations during the first half of 1956, 45 per cent expecting last year's levels to be maintained, and only 10 per cent foreseeing a decrease because of dollar exchange problems and increasing foreign competition—New York, Jan. 15.

Uruguay

HYDRO-ELECTRIC POWER—In accordance with an agreement between Uruguay, Argentina, Brazil and Paraguay, hydro-electric power schemes are to be built on the higher Uruguay River—i.e., Ayui, Salto Grande and Salto Chico. The first development will be on Salto Grande, a mild waterfall on the Uruguay River running across from the Uruguayan bank in Salto to the Argentine side in the province of Corrientes. These projects will cost Argentine pesos 586·4 million, 605·0 million, and 621·1 million, respectively—Montevideo, Jan. 16.

Vietnam

AGREEMENT WITH FRANCE TERMINATED—The Republic of Vietnam has advised France that it does not intend to renew, for 1956, the Franco-Vietnamese financial and economic agreement signed on December 30, 1954. This pact regulated trade between the two countries on the basis of mutual agreement, and renewed itself annually in the absence of notice of termination by either party. Vietnam wants to re-open negotiations for the conclusion of a new trade treaty—Hong Kong, Jan. 10.

ICA Procurement Policies

In the article "How ICA Funds Are Spent", which appeared in the December 24, 1955, issue of "Foreign Trade", mention was made of the fact that ICA was under strong domestic pressure to give United States industry a larger share of ICA-financed orders. It is now known that ICA does not intend to depart from its policy of permitting procurement in the cheapest and most suitable markets and it seems that all non-agricultural commodities are to be procured in this manner. This does not mean that exceptions will not be made nor that future events will not force some orders to be directed to American firms. Section 510 of the Mutual Security Act of 1955, which governs the foreign aid program, stipulates that ICA funds may be used "for the procurement of commodities outside the United States unless the President determines that such procurement will result in an adverse effect upon the economy of the United States, with special reference to any area of labour surplus, or upon the industrial mobilization base, which outweigh the economic advantage to the United States of less costly procurement abroad."

It might be mentioned, incidentally, that all the goods listed in the article in question were not necessarily procured with ICA funds. The list merely represents goods for which dollar import licences were issued by the Vietnamese authorities over a given period of time, some of which were ICA-financed.

The Cuban Market for Metal and Woodworking Machinery

Sales openings not large at present but could improve. Best opportunities are for woodworking machinery, and less modern types are preferred. Payment terms have become an important factor in making sales.

G. A. BROWNE, *Commercial Secretary, Havana.*

THE SIZE OF THE CUBAN MARKET for metalworking and woodworking machinery is estimated at over half a million dollars a year on the basis of the United States' historic share of the market and on U.S. statistics of average sales to Cuba during the three-year period 1952-54. At present, the scope for sales appears to be small. However, new business opportunities could well result from Cuba's plans for rehabilitating its railways and from the growing activity in the mining, aluminum, plastics and paper industries.

Here is a survey of the Cuban market for metalworking and woodworking machinery—the principal buyers, the types of machinery most in demand, and the leading suppliers.

Market for Metalworking Machinery

The principal Cuban buyers of metalworking machinery are the railways, machine shops, foundries, mines, armed services maintenance depots, and the scattering of smaller independent metalworking industries in the cities of Havana, Union de Reyes, Sagua la Grande, Camaguey, Manzanillo, and Santiago. Most of the sugar industry's 160 mills have toolrooms of varying scope, in addition to the standard big-engine lathes for repairs and adjustments to the cane-grinding machinery, and are therefore not large purchasers of new machine tools proportionately.

Characteristic of the trade is the small demand for special or single-purpose tools because, at present, none of Cuba's metalworking industries is operating a production line of tools of any given type. Apart from toolroom work, production tolerances are usually not exacting and much of the general repair work in urban machine shops is done on far-from-modern tools, many of them imported as second-hand reconditioned machines.

United States manufacturers are by far the chief suppliers; imports from the U.S. probably account for over 85 per cent of the metalworking machinery market. The United Kingdom and Germany appear to lead European suppliers. There are occasional imports of tools from Italy, Belgium and France.

Most metalworking machine tools, machinery, accessories and parts enter this country under Cuban tariff items 216B or 225B at a rate of 8 or 16 per cent ad valorem, common to both the United States and most-favoured-nation countries. However, added to the m.f.n. rate is a 20 per cent surcharge of the duty which,

Cuban Imports of Power-Driven Machine Tools

METALWORKING MACHINERY

From UNITED STATES	*1954*	*1953*	*1952*
Lathes	$ 70,557	$ 76,509	$ 95,177
Tapping and threading machines	23,822	7,797	20,253
Milling machines	13,839	25,189	13,284
Drilling machines	20,028	3,839	6,077
Planes and shapers	13,590	13,564	15,377
Grinding machines, surface	12,189	.....	.....
Grinding, honing and lapping machines	11,401	28,626	29,327
Other metalworking machine tools and parts	31,954	24,720	52,130
Chucks	3,978	5,022	6,347
Tools, metal-cutting and parts	77,841	59,651	93,401
Accessories and attachments	—33,261	13,173	25,577
Sub-total	312,460	258,090	356,950
Presses, except forging, and parts	69,618	165,942	108,048
Other sheet and plate metalworking machines and parts	93,434	69,092	78,269
Forging machines and parts	130,166	5,869	1,591
Sub-total	293,218	240,903	187,908
Foundry machines and equipment	11,105	11,245	20,315
From CANADA (total)	*35*	*975*	.....

WOODWORKING MACHINERY

From UNITED STATES			
Sawmill machines and parts	24,653	14,282	48,411
Planers, matchers, jointers and molders	11,351	19,318	29,418
Woodworking machines and parts	123,976	95,803	159,939
Sub-total	159,980	129,403	237,768
From CANADA (total)	*2,520*	.....	*1,564*

in effect, provides U.S. exporters with a 1·6 to 3·2 per cent tariff advantage. These rates do not apply to shipments consigned to certain government and quasi-government agencies and to organizations and establishments certified under the Industrial Stimulation Law; such shipments enter duty-free.

Buyers and Payment Terms

The number of establishments, plants and shops which might be potential customers for new machine tools is not large, probably not more than a score of major clients with perhaps as many again among the smaller independent machine shops and foundries. It is readily apparent from the table below that, although the sales prospects for new machines are not extensive, there is a steady not unimportant business in tools, accessories, and parts. Payment terms for machines are often a decisive factor, particularly in sales to smaller users who are sometimes not prepared to pay by letter of credit or cash against documents. European firms, who have recently been making some gains in the market, in some cases combine lower prices with more liberal terms—for example, 20 per cent with order and the balance in progress payments secured through local arrangements with the manufacturer's representative and the local bank.

The Market for Woodworking Machinery

Opportunities for sales of woodworking machinery in Cuba are a little better. The country has approximately 138 sawmills, mostly portable, and a large number of small furniture factories, carpentry and cabinet-makers' shops which usually require the simpler variety of standard planers, matchers and bench and band saws. Cuba's portable sawmill owners want the slower carriage-speed and crude-oil belt drive type of equipment, rather than the electric, shaft-driven, high-speed machinery commonly used now in North America. The reason for this is that, as timber supplies (mostly hardwood) diminish, the mills are forced to operate farther away from sources of electric power. European manufacturers, notably the Germans, have in recent months been offering the type of equipment wanted at very attractive prices.

The tariff on woodworking machinery is the same as for metalworking and, as with the latter, the chief sales prospects are in tools, accessories and parts. ●

trade and tariff regulations

Australia

TARIFF BOARD INQUIRIES—The Australian Tariff Board announced recently that it had been requested by the Minister for Trade and Customs to inquire into what rates of duty should be imposed on the following products:

(a) *Metalworking Machines and Appliances and Test Benches*
- Diesel fuel pump test benches
- Metalworking machines and appliances, viz.:
  - Centreless grinding machines
  - Crankshaft grinding machines
  - Cutter grinding machines, including tiptool grinding (or lapping) machines
  - Cylindrical grinding machines
  - Internal grinding machines, including connecting rod (con-rod) grinding machines
  - Machine knife grinding machines
  - Surface grinding machines
  - Tool and cutter grinding machines
  - Universal grinding machines
  - Printing roll grinding and polishing machines, combined or separate
  - Automotive piston grinding and finishing machines, combined or separate
  - Automotive valve grinding machines
  - Automotive valve seat grinding (or honing) equipment, but not including the mechanical driving unit
  - Expanding pilots, imported separately, for use with automotive valve seat grinding (or honing) machines
  - Diesinking milling machines of the pantograph type
  - Honing machines
  - Honing tools for use with honing machines, whether imported separately or otherwise
  - Boring machines, including boring machines which are also designed to perform one or more of the following functions—drilling, reaming, preboring, milling, counterboring, recessing, tapping, loading or unloading

(b) *Cultivators*
- Single or multi-tined cultivators classifiable under Australian tariff item 219(B)

(c) *Locomotives*
- Locomotives to be used underground in mines

(d) *Screwdrivers*
- Screwdrivers (turnscrews) classifiable under Australian tariff item 219(B)

Canadian firms exporting these products to Australia may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian

exporter to have his Australian agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in Australia soon after the announcements are made.

Rates of duty on these products or other assistance in connection with these inquiries may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

TARIFF BOARD INQUIRY—The Australian Tariff Board announced recently that it had been requested by the Minister for Trade and Customs to inquire into whether forged steel spades should be reclassified in the Australian tariff and, if so, what rates of duty should be imposed on that product.

Canadian firms exporting forged steel spades to Australia may wish to have their views on this tariff inquiry placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to arrange for his Australian agents to act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in Australia soon after the announcements are made.

Rates of duty on this product, or other assistance in connection with this inquiry, may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Benelux

DUTIES ON CANNED SALMON AND LUMBER SUSPENDED—The customs duties on certain goods entering Belgium, the Netherlands and Luxembourg, which have been suspended on a yearly basis since the common Benelux tariff came into force in 1948, will again be fully suspended until the end of 1956.

Among the commodities on which the duties remain suspended, Canadian exporters will be particularly interested in canned salmon and sawn lumber. Moreover, hydrogen peroxide and sodium perborate have been added to the list of goods which can temporarily enter duty-free—Brussels, Jan. 10.

Finland

CERTAIN DOLLAR IMPORTS ADMITTED MORE FREELY—The Finnish authorities have announced a list of goods for which import licences will generally be granted when they are imported against payment in dollars, provided that prices, quantities and qualities are reasonable. While this list contains only a part of major Canadian export items to Finland, it is the first step taken by Finland towards freeing dollar imports from quantitative restrictions.

Among the goods listed the following appear to be of interest to Canadian exporters: primary aluminum, nickel and zinc; various chemicals, including acetone, butanol, phenol and cresol; mineral blacks; various colours; cord fabrics for the manufacture of tires; brake bands and clutch discs of asbestos; fire bricks of magnesite; ferro-alloys; machine needles; certain saw blades; sparkplugs; electric equipment for motor vehicles for ignition, lighting and signalling; lamps for automobiles; surgical and dental instruments; records for teaching languages—Stockholm, Jan. 11.

Information about the inclusion of individual goods in the Finnish list may be obtained from the International Trade Relations Branch of the Department.

Indonesia

EXCHANGE PERMIT NUMBERS ON PACKAGES—All packages containing goods to be imported into Indonesia must be marked to show the number of the Indonesian exchange permit relating to the shipment. This rule applies to all goods imported into Indonesia under exchange permits issued after January 10, 1956. With regard to exchange permits that have been issued before the above date, exporters are requested by the Indonesian authorities to carry out the marking as far as possible—Djakarta, Jan. 13.

Jamaica

DUTY ON PAPER BAGS INCREASED—By a resolution passed by the Jamaican House of Representatives on November 30, 1955, the rate of import duty on paper bags, other than garment bags of paper, was increased from 15 per cent ad valorem to 30 per cent ad valorem under the British preferential tariff, and from 20 per cent ad valorem to 35 per cent ad valorem under the general tariff.

By the same resolution, cardboard boxes and paper bags, other than multi-walled paper sacks, have been deleted from the list of containers which may be imported free of duty by local manufacturers. Cardboard boxes are now dutiable at 15 per cent and 20 per cent ad valorem under the British preferential and general tariffs, respectively.

Philippines

MARGIN ON TARIFF PREFERENCE IN FAVOUR OF U.S. IMPORTS INCREASED—In *Foreign Trade* of January 7, 1956, page 28, we reported that effective January 1, 1956, the Philippine margin of tariff preference in favour of imports from the United

States would be decreased from 100 per cent to 75 per cent.

However, on the last day of 1955 the President of the Philippines issued an executive order, effective January 1, 1956, one effect of which increases the margin of preference in favour of U.S. imports over that which would have come into force on that day, as previously reported. An incremental duty of 30 per centum of the basic tariff rate is now collected on all imports except for some 80 tariff categories covering articles which compete with Philippine-produced goods.

To use the example given in our article of January 7th, electric stoves dutiable at 25 per cent under paragraph 190(*b*) are now subject to an incremental duty of 30 per cent of 25 per cent, or 7½ per cent, for a total effective duty of 32½ per cent. U.S. imports are dutiable at one quarter of the basic 25 per cent rate, i.e. 6¼ per cent, plus the incremental duty of 30 per cent of 6¼ per cent for a total effective duty of 8⅛ per cent. Therefore the margin of preference in favour of U.S. stove imports is now 24⅜ per cent rather than 18¾ per cent as would have been the case if this new incremental duty had not been enforced.

The products which are exempted from the incremental duty were simultaneously subjected to greatly increased basic tariff rates ranging up to 350 per cent ad valorem in some cases. These products include marble, asbestos cement roofing sheets, portland cement, ceramic tiles, steel bars, barbed wire, staple wire, some nails, firearms, crown caps, air rifles, some paints, pencils, hydrochloric acid, sulphuric acid, caustic soda, chloride of lime, calcium carbide, calcium chloride, chemical recharges, chlorine, toilet soap, matches, fishing nets, towelling, knitted goods, textiles, paper, paperboard, pianos, recordings, storage batteries, light bulbs, air conditioners, refrigerators, fire extinguishers, smoked hams and bacon, fans, and eyeglass frames.

Further details may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—The South African Board of Trade and Industries announced on December 30, 1955, that it had received the following representations respecting the tariff:

Increase of duty on:

1. Electric floor polishers, from free (minimum rate) and 5 per cent ad valorem (intermediate rate) to 26 per cent and 30 per cent ad valorem, respectively.

2. Printed woven fabrics in the piece, of a width up to 43 inches, containing 50 per cent or more by weight of rayon, the f.o.b. price of which does not exceed 11s. per lb. by weight of material (but excluding pile fabrics and printed corduroy), by 40 per cent ad valorem in terms of section 66 of the Customs Act.

3. Infants' shoes, from free of duty to 30 per cent ad valorem, or 2s. 6d. per pair, whichever duty is the greater, plus a suspended duty of 20 per cent ad valorem.

Bringing into operation of the suspended duty on:

1. The following printed woven or knitted cotton piece goods of a width up to 43 inches (but excluding pile fabrics and printed corduroy), to the extent indicated:

	Minimum Rate	*Intermediate Rate*	*Maximum Rate*
	%	%	%
(*a*) Containing 50 per cent or more by weight of cotton but no rayon, the f.o.b. price of which does not exceed 2s. per yard and 11s. per lb. by weight of material .....ad val.	20	20	35
(*b*) Of cotton and rayon with or without other materials containing 50 per cent or more by weight of cotton, the f.o.b. price of which does not exceed 2s. per yard and 11s. per lb. by weight of material .....ad val.	20	20	35
(*c*) Containing 50 per cent or more by weight of cotton, the f.o.b. price of which exceeds 2s. per yard and does not exceed 11s. per lb. by weight of material .....ad val.	..	20	35

The suspended duty, if brought into effect, would be additional to any existing duties.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of doing so is for such firms to request their representatives in South Africa to act on their behalf before the Board. Since these inquiries are normally reviewed soon after the announcements are made, it is advisable to take action as soon as possible.

United Kingdom

CERTAIN TRADE CATALOGUES ON OPEN LICENCE—The Board of Trade announced in *Notice to Importers* No. 770 that, effective from January 2, 1956, the following would be admissible into the United Kingdom from any country without separate import licences: trade catalogues, trade lists and trade notices, imported in a packet not exceeding 2¼ pounds gross weight, provided no payment or other consideration has been or will be made for them, and that the packet does not form part of a larger consignment.

Trade catalogues, trade lists and trade notices imported from dollar countries in circumstances other than those explained above continue to require separate import licences.

foreign trade service abroad

* No Foreign Trade Officer at this post.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett, Commercial Counsellor	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-8237
Argentina Paraguay, Uruguay	W. F. Hillhouse, Agricultural Secretary		
Australia (Capital Territory,. New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton, Commercial Counsellor for Canada Commercial Secretary	City Mutual Life Building 60 Hunter Street, SYDNEY	*Mail:* P.O. Box 3952 G.P.O *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Commercial Secretary for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE 1.	*Mail:* Bôite Postale 373 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	T. J. Monty, Commercial Counsellor K. G. Ramsay, Assistant Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 11-33-88
Brazil	C. J. Van Tighem, Commercial Secretary H. M. Maddick, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	Consul and Trade Commissioner G. F. Osbaldeston, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
***Ceylon**	Office of the High Commissioner for Canada	6 Gregory's Road Cinnamon Gardens, COLOMBO	*Mail:* P.O. Box 1006 *Cable:* DOMCANADA *Tel.:* 91341
Chile	R. E. Gravel, Commercial Secretary	Canadian Embassy, 6th Floor, Av. General Bulnes, 129, SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	W. B. McCullough, Commercial Counsellor A. P. Savard, Commercial Secretary	Canadian Embassy, Avenida Jimenez No. 7-25 Office 613, BOGOTA	*Mail:* Apartado 1618 *Airmail:* Apartado Aereo 3562 *Cable:* CANADIAN *Tel.:* 12-251
Cuba	G. A. Browne, Commercial Secretary	Canadian Embassy, Edificio Motor Centre Calle Infanta 16, HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland	C. F. Wilson, Commercial Counsellor	Canadian Legation 4 Trondhjems Plads, COPENHAGEN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Tria 1602

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	M. B. Bursey, Commercial Counsellor	Canadian Embassy, Edificio Copello 408, Calle El Conde, CIUDAD TRUJILLO	*Mail:* Apartado 451 *Cable:* CANADIAN *Tel.:* 5318
Egypt Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	M. R. M. Dale, Commercial Secretary	Canadian Embassy, 6 Sharia Rouston Pasha, Garden City, CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
France Algeria, French Morocco, French West Africa, Tunisia	B. C. Butler, Commercial Counsellor for Canada R. Campbell Smith, Commercial Secretary J. H. Bailey, Assistant Commercial Secretary	3 rue Scribe, PARIS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor M. B. Blackwood, Assistant Commercial Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Bonn 21971
Greece Israel, Turkey	H. W Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	Canadian Government Trade Commissioner J. R. Midwinter Assistant Trade Commissioner	5a Avenida Sud, 10-68 GUATEMALA CITY	*Mail:* P.O. Box 444 *Airmail:* P.O. Box 400 *Cable:* CANADIAN *Tel.:* 5590
***Haiti**	Chargé d'Affaires, a.i. and Consul	Route du Canape Vert, St. Louis de Turgeau, PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong China, Indo-China, Macao, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 28336
India	Wm. Jones, Commercial Secretary	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 40191
India	D. M. Holton, Canadian Government Trade Commissioner G. F. Mintenko, Assistant Trade Commissioner	Gresham Assurance House, Mint Road, BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 20672
Indonesia	W. D. Wallace, Commercial Secretary	Canadian Embassy, Budi Kemulian No. 6, DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 499
Ireland	T. G. Major, Commercial Counsellor for Canada	66 Upper O'Connell St., DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta, Yugoslavia	S. G. MacDonald, Commercial Counsellor W. R. Van, Commercial Secretary K. F. Osmond, Commercial Secretary (Fisheries)	Canadian Embassy, Via Saverio Mercadante 15, ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 846-842

Territory	Officer	City Address	Mail and Cables, Office Telephone
Jamaica Bahamas, British Honduras	H. E. Campbell, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858
Japan Korea	J. L. Mutter, Commercial Counsellor W. G. Pybus, Commercial Secretary	Canadian Embassy, TOKYO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 48-4116
Japan	J. E. Lancaster, Canadian Government Trade Commissioner	7th Floor, Crescent Bldg., 72 Kyomachi, Ikutaku, KOBE	*Mail:* P.O. Box 513 *Cable:* CANADIAN *Tel.:* 3-4617
Lebanon Iraq, Jordan, Persian Gulf Area, Syria	G. F. G. Hughes, Commercial Secretary	Canadian Legation, Alpha Building, Rue Clemenceau, BEIRUT	*Mail:* Bôite Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	M. T. Stewart, Commercial Counsellor C. O. R. Rousseau, Assistant Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	*Mail:* Apartado 126-Bis *Cable:* CANADIAN *Tel.:* 36-27-90
Netherlands	V. L. Chapin, Commercial Secretary T. F. Harris, Commercial Secretary	Canadian Embassy, Sophialaan 1-A, THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 18-51-06
New Zealand Fiji, Western Samoa	L. S. Glass, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	Commercial Counsellor	Canadian Embassy, Fridtjof Nansens Plass 5, OSLO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	R. K. Thomson, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 5826
Peru Bolivia	H. J. Horne, Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 71150
Philippines	H. L. E. Priestman, Consul General and Trade Commissioner H. E. Lemieux, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, Ayala Building, Juan Luna Street, MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Madeira	Richard Grew, Commercial Counsellor	Canadian Embassy, Avenida de Praia da Vitoria, 48—1°D, LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	W. J. Millyard, Canadian Government Trade Commissioner	Dolphin House, Union and Moffat Sts SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room F-3, Union Building, SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 7739

Territory	Officer	City Address	Mail and Cables, Office Telephone
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	K. F. Noble, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628
South Africa (Cape Province) Southwest Africa	A. W. Evans, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangier	B. I. Rankin, Commercial Secretary	Canadian Embassy, Edifico España, Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	L. A. Campeau, Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland Austria, Czechoslovakia, Hungary	W. Van Vliet, Commercial Secretary N. W. Boyd, Assistant Commercial Secretary	Canadian Embassy, Kirchenfeldstrasse 88, BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	D. B. Laughton, Canadian Government Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
United Kingdom (South of England, East Anglia, Scotland), British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	Commercial Counsellor G. H. Rochester, Commercial Counsellor (Timber) D. A. B. Marshall, Commercial Secretary (Agricultural) T. M. Burns, Commercial Secretary	Office of the High Commissioner for Canada, Canada House, Trafalgar Square, LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England, Wales)	Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	R. G. C. Smith, Commercial Counsellor Dr. W. C. Hopper, Agricultural Counsellor E. H. Maguire, Commercial Secretary	Canadian Embassy, 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011

Territory	Officer	City Address	Mail and Cables, Office Telephone
Washington	H. A. Gilbert, Commercial Secretary D. H. Burns, Assistant Agricultural Secretary		
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen, Consul and Senior Trade Commissioner C. R. Gallow, Consul and Trade Commissioner C. E. Butterworth, Consul and Trade Commissioner	Canadian Consulate General 620 Fifth Ave., New York City 20	*Mail:* (City Address) *Cable:* Cantracom *Tel.:* JUdson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	D. H. Cheney, Consul and Trade Commissioner	Canadian Consulate General, 532 Little Building, 80 Boylston Street, Boston 16	*Mail:* (City Address) *Cable:* Canadian *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	G. A. Newman, Deputy Consul General (Commercial) R. F. Renwick, Consul and Trade Commissioner W. G. D'Arcy, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General, 1412 Garland Building, 111 North Wabash Street, Chicago	*Mail:* (City Address) *Cable:* Canadian *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler, Consul and Trade Commissioner A. A. Lomas, Vice Consul and Assistant Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, Detroit 26	*Mail:* (City Address) *Cable:* Canadian *Tel.:* WOodward 5-2811
*United States (City of Los Angeles, Southern California, Arizona)	Consul General	Canadian Consulate General, 510 West Sixth Street, Los Angeles 14	*Mail:* (City Address) *Cable:* Canadian *Tel.:* VAndike 2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	A. A. Caron, Consul and Trade Commissioner	Canadian Consulate General, 215-217 International Trade Mart New Orleans 12	*Mail:* (City Address) *Cable:* Canadian *Tel.:* RAymond 2136
*United States (Northern California, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, San Francisco 4	*Mail:* (City Address) *Cable:* Domcan *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building, Seventh Avenue at Olive Way Seattle 1, Washington	*Mail:* (City Address) *Cable:* Canadian *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett, Commercial Counsellor	Canadian Embassy, No. 1409 Avenida Agracinda, Piso 7° Montevideo	*Mail:* Casilla Postal 852 *Cable:* Canadian *Tel.:* 96096
Venezuela Netherlands Antilles	H. L. Brown, Commercial Counsellor F. B. Clark, Commercial Secretary A. G. Kniewasser, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, Caracas	*Mail:* Apartado 3306 *Cable:* Canadian *Tel.:* 54-3431

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from importers. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·00156.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 20	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05547	18·03	(3)
		Free	·02496	40·06	
Australia	Pound		2·2435	·446	
Austria	Schilling		·03840	26·03	
Belgium-Luxembourg	Franc		·01997	50·08	
Belgian Congo	Franc		·01997	50·08	
Bolivia	Boliviano	Official	·00526	190·04	
British West Indies	Dollar		·5842	1·712	(4)
	Pound		2·8044	·357	(5)
	Dollar	British Honduras	·7011	1·426	
Brazil	Cruzeiro	Effective selling			
		Category I	·01173	85·22	tax 10% (2)
		Category V	·00275	363·05	*Jan. 3
		Official buying	·05438	18·39	(6)
Burma	Kyat		·2097	4·76	
Ceylon	Rupee		·2103	4·76	
Chile	Peso	Official	·00496	201·8	(1)
		Principal	·00333	300·3	
Colombia	Peso	Basic	·3994	2·50	(8)
		Free	·2403*	4·16	*Jan. 19
Costa Rica	Colon	Official	·1778	5·62	
		Controlled free	·1504	6·65	
Cuba	Peso		·9984	1·002	tax 2% (2)
Czechoslovakia	Koruna		·1387	7·21	
Denmark	Krone		·1446	6·92	
Dominican Republic	Peso		·9984	1·002	
Ecuador	Sucre	Official	·06657	15·02	
		Free	·05768	17·32	
Egypt	Pound	Official	2·8671	·349	
Fiji	Pound		2·5265	·396	
Finland	Markka		·00434	230·41	
France	Franc		·00285	349·65	(9)
French Africa	Franc		·00571	175·01	(10)
French Pacific	Franc		·01569	63·69	(11)
Germany	D Mark		·2369	4·22	
Greece	Drachma		·03328	30·04	
Guatemala	Quetzal		·9984	1·002	
Haiti	Gourde		·1997	5·01	
Honduras	Lempira		·4992	2·003	
Hong Kong	Dollar	Free	·1753	5·70	
Iceland	Krona	Official	·06131	16·31	
		Special buying	·0483	20·69	(12)
		Special selling	·0380	26·29	
India	Rupee		·2103	4·76	
Indonesia	Rupiah	Basic	·08792	11·37	(13)
Iran	Rial	Certificate	·01318	75·87	
Iraq	Dinar		2·7956	·358	
Ireland	Pound		2·8044	·357	
Israel	Pound		·5547	1·80	
Italy	Lira		·00160	623·44	
Japan	Yen		·00278	360·10	
Lebanon	Pound	Free	·3084	3·24	

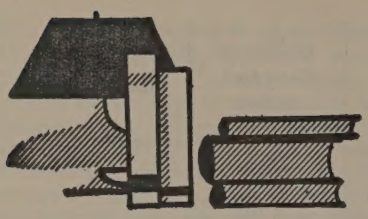
* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 20	Units per Canadian dollar	Notes (See below)
Mexico	Peso		·07988	12·52	
Netherlands	Guilder		·2610	3·83	
Netherlands Antilles	Guilder		·5259	1·90	
New Zealand	Pound		2·8044	·357	
Nicaragua	Cordoba	Effective buying	·1513	6·61	
		Official selling	·1417	7·06	
Norway	Krone		·1398	7·15	
Pakistan	Rupee		·2103	4·76	
Panama	Balboa		·9984	1·002	
Paraguay	Guarani	Basic	·04754	21·03	(1)
		Group I	·03698	27·04	
		Group II	·02851	35·05	(14)
Peru	Sol	Certificate	·05255	19·03	
Philippines	Peso		·4992	2·003	
Portugal	Escudo		·03485	28·69	(15)
El Salvador	Colon		·3994	2·50	
Singapore & Malaya	Straits dollar		·3272	3·06	
South Africa (Union of)	Pound		2·8044	·357	
Spain & Dependencies	Peseta	Basic buying	·04559	21·93	
		Basic commercial selling	·0608	16·45	(1)
		Free	·02563	39·00	
Sweden	Krona		·1930	5·18	
Switzerland	Franc		·2330	4·29	
Syria	Pound	Free	·2825*	3·54*	*Dec. 13
Thailand	Baht	Free	·04828	20·71	(1)
Turkey	Lira		·3566	2·80	
United Kingdom	Pound		2·8044	·357	
United States	Dollar		·99844	1·002	
Uruguay	Peso	Official	·6573	1·521	tax 6% (2)
		Basic buying	·5609	1·783	(1)
		Special buying	·4248	2·354	
		Basic selling	·4755	2·103	
		Special selling	·3567	2·804	
Venezuela	Bolivar		·2980	3·36	
Yugoslavia	Dinar		·00333	300·12	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Argentina: Additional rates result from exchange retentions on export proceeds and surcharges on imports.
4. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
5. Bahamas, Bermuda, Jamaica.
6. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rates plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
7. Chile: Official rate applies only to most essential imports.
8. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
9. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
10. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
11. New Caledonia, New Hebrides, Oceania.
12. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
13. Indonesia: Basic rate applies to all exports and a few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 or 400 per cent depending on products.
14. Paraguay: Paraguayan exports subject to basic rates plus variety of exchange subsidies and surcharges.
15. Portugal: Approximately same rate for Portuguese Territories in Africa.



businessman's bookshelf

Tanganyika—A Review of Its Resources and Their Development

Government of Tanganyika. 924 pages. $6.17.

THE ECONOMIC DEVELOPMENT of the vast country of Tanganyika has been slow, compared with other areas of Africa. There was little money for development between the two wars and the Second World War stopped whatever action was being taken. In 1946 the Government prepared a ten-year plan; this was revised in 1949. Because it still did not cover all the development needed, a comprehensive survey of Tanganyika's requirements was made and this is the resulting report.

This detailed study covers the economic, social, and political needs of Tanganyika. The 36 chapters discuss the country, the people, political structure, social services, communications, labour, economic resources, trade and industrial development. Approximately eighty maps, tables and charts supplement the written material.

Everyone interested in the economic and social development of Tanganyika will find this book useful and interesting. It does contain helpful trade information, but most businessmen will probably find it too detailed.

Order from: Crown Agents' Representative, 1800 K Street N.W., Washington, 6, D.C.

Economic Conditions in Belgium, Luxembourg, and The Netherlands

Organization for European Economic Co-operation. 25 pages. 30 cents.

IN BELGIUM AND LUXEMBOURG, recent months have seen exports rise to a record postwar high, because of active foreign markets for steel and steel products and for chemicals. This has, in turn, cut the trade deficit sharply. But foreign demand for industrial exports appears to be turning towards highly finished capital equipment and newer industrial goods. This creates problems for BLEU, which will have to re-adjust its industry accordingly.

In the Netherlands, the same period has witnessed domestic demand rise as prosperity permitted a free import policy; 1954 dollar imports were up about $134 million over 1953. This demand has meant a smaller surplus on current account in 1954. Surprisingly, a labour shortage has appeared in some sectors.

These are among the main points made in OEEC's annual survey of these countries, based on a review of data last October and covering the 18 months ending in the middle of 1955. (Some later information is included in some sections.) These reviews represent the considered views of OEEC as a whole and, as such, are worth attention. The businessman who wants a brief but authoritative picture of the situation in Benelux should find this booklet useful.

Order from: The Ryerson Press, 299 Queen Street W., Toronto, Ontario.

Commerce and Industry in Kenya 1955

Ministry of Commerce and Industry. 62 pages. Free.

WHEN THE FIRST ISSUE of this booklet was published in 1948, industrial development in the Colony and Protectorate of Kenya was in its early stages. The seven years since have witnessed growth in commercial and industrial activity, improvement of services, and an increasing consumer demand that have made Kenya more attractive for the establishment of industry.

This book offers, briefly and concisely, information on the possibilities of industrial and commercial development in the Colony. It describes Kenya, its climate and population, natural resources, transportation services, labour supply, and the development of industry. Other sections cover foreign trade, balance of payments, taxes, exchange control, and government policy on investment of foreign capital. Twenty-three statistical tables supplement the text.

This publication will be invaluable to all who are considering investing in Kenya, and useful to those interested in trading there.

Order from: Crown Agents' Representative, 1800 K Street, N.W., Washington 6, D.C.

Thinking of exporting? . . .

Don't miss "How to Organize for Export" in the Feb. 18 issue of Foreign Trade - - the first of a series of fact-filled, informative articles on the ABC's of exporting.